



# Suzanne Moore: Coming clean on race in our schools

Commentators, page 17



# THE INDEPENDENT

3,084

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WEATHER Dry but cloudy

40p (inc 45p)

## Discovered: Hitler's secret Swiss bank account



STEVE BOGGAN

Bank accounts which may hold Adolf Hitler's royalties from *Mein Kampf* have been discovered by investigators on the trail of billions of pounds in stolen Jewish money and possessions.

Declassified intelligence documents at the US National Archives show that one of Hitler's closest confidantes opened the accounts at the Union Bank of Switzerland in Bern after the Führer's book became required reading in German schools.

The information, contained in an intelligence report by the Office of Strategic Services, fore-runner of the CIA, was uncovered by World Jewish Congress researchers in Washington under America's freedom of information legislation, and passed to the *Jewish Chronicle*.

Among reports on movements of money under the heading "Objectionable Activities by Switzerland on Behalf of the Nazis", the late 1944 report says: "Telegram from Bern reported that information received in Bern indicates that accounts are held for Hitler in the Schweizerische Bankgesellschaft (UBS) by a German official named Max Ammann."

Ammann was one of Hitler's closest collaborators in his early days and owner of Centralverlag, the NSDAP publishing company, which published *Mein Kampf*.

The report said: "...it is quite possible that Hitler's foreign exchange revenues from his book and foreign exchange revenues of the Nazi party abroad are held at this Swiss bank in Ammann's name."

The discovery is the latest success for the Congress in its efforts to track down gold, cash and art treasures stolen by the Nazis during the Second World War. It began searching the archives only a few months ago, but has already identified the movement of more than \$5.5bn in bullion alone.

## US blamed for causing Iraq crisis

EXCLUSIVE: Kurds reveal how they were thrust into Saddam's arms

By Patrick Cockburn

Senior US officials were warned by Kurdish leaders that they would turn to Iraq for aid if the United States did not support them in the face of Iranian-backed attack according to letters shown to *The Independent*. The publication of the correspondence is likely to ignite controversy in Washington over why the US was caught by surprise by the intervention of the Iraqi army, which attacked Arbil on 31 August.

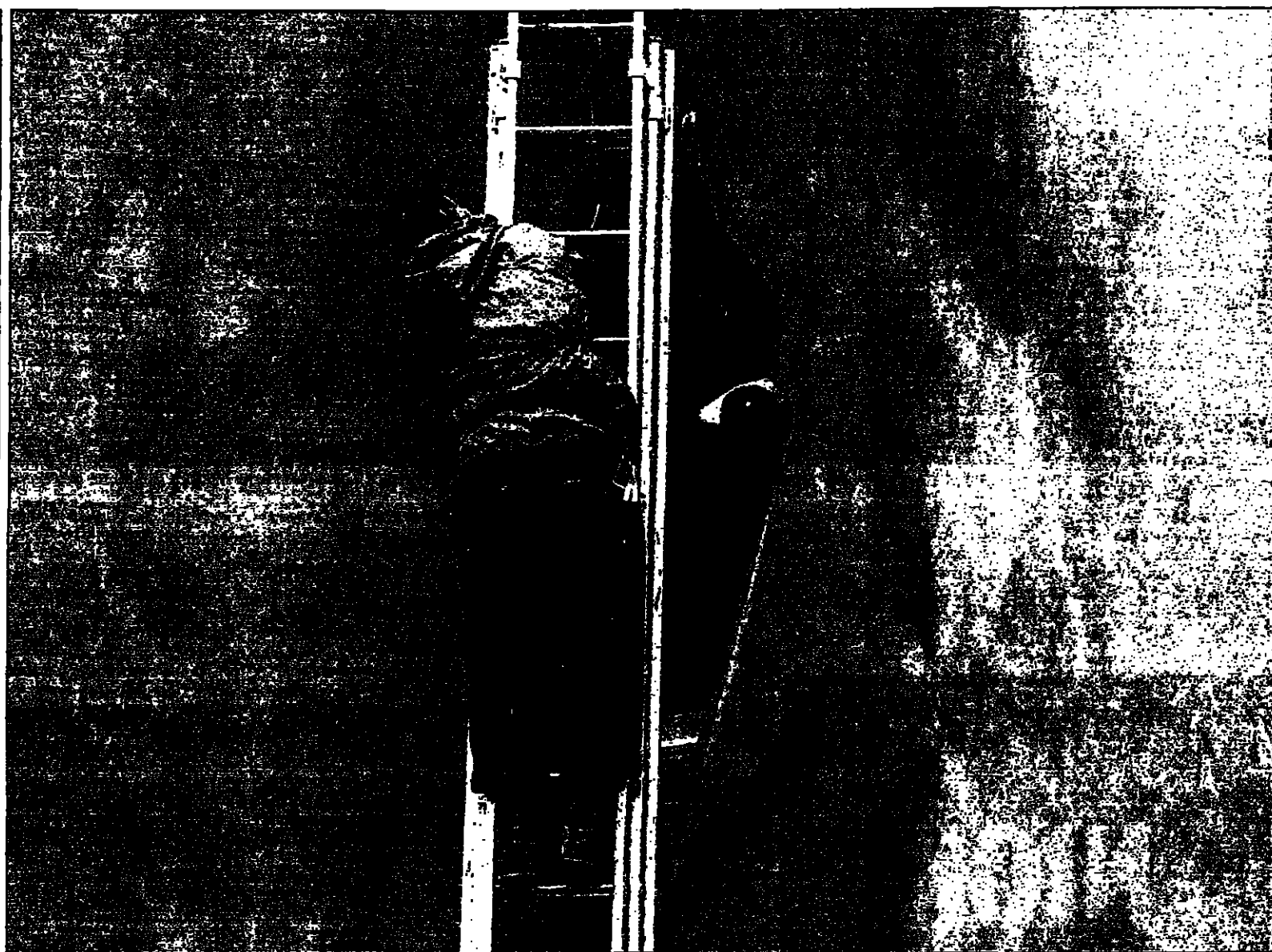
President Bill Clinton claimed, when he launched missile strikes on southern Iraq this week, to be doing so in support of the Kurds. But letters exchanged between the Kurdish Democratic Party (KDP), one of the two main Kurdish factions, and the senior US policymakers dealing with Iraq, show scant interest in their problems.

In a memo sent to American officials in the week before the KDP joined with President Saddam Hussein to capture Arbil, the Kurdish capital, its leaders warned: "Our options are limited and since the US is not responding even politically... the only option left is the Iraqis." The

memo concludes that if the Iraqi army re-entered Kurdistan "the KDP will not stop them".

As the situation deteriorated in northern Iraq over the last month US officials remained relaxed. Massoud Barzani, the leader of the KDP, wrote to Robert Pelletreau Jr, the assistant Secretary of State for Near East Affairs, on 21 August. He said he had just received a letter from him suggesting a peace meeting with the Patriotic Union of Kurdistan on the very day the PUK had launched fierce attacks on his positions.

The failure of the US to realise that Saddam Hussein was about to do a deal with Mr Barzani has parallels with its failure in 1990 to realise that the Iraqi leader was contemplating the occupation of Kuwait. April Glaspie, the US ambassador in Baghdad, was severely criticised for not taking seriously enough threats made in a pre-invasion interview by Saddam Hussein. Hoshiyar Zebani, a senior KDP leader, went to Washington in August to try get the ad-



Reach for the eyes: Last-minute preparations in Westminster for the launch of the Tories' tax campaign (report, page 5) Photograph: Glynn Griffiths

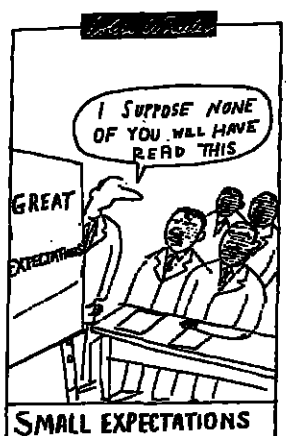
## Teachers to be monitored for racial harassment

FRAN ABRAMS Education Correspondent

Schools are to face an ethnic monitoring programme imposed by the Government to eliminate racial harassment and stereotyping by teachers.

In a move which both surprised and delighted anti-racism campaigners, ministers unveiled a 10-point plan to improve the poor school records of some ethnic groups, particularly African-Caribbean boys.

The plan was announced in response to a report published yesterday by the school inspection body, Ofsted. It revealed an "unusually high" degree of conflict between white teachers and black pupils, even at infant and primary level. African-Caribbean pupils were up to six times more likely to be excluded from school than their white classmates. Asian pupils were subjected to "negative and pa-



SMALL EXPECTATIONS

tronising" stereotypes, with staff often assuming that their English was poor and that girls would be expected to marry early and stay at home, it said.

The report, commissioned from academics at London's Institute of Education, showed that while some ethnic minori-

ty groups, particularly Indians, were doing better than ever in public exams, others were improving only very slowly.

However, it added, initiatives in some local authority areas had made a huge difference. In Tower Hamlets, east London, for example, Bangladeshi pupils who had been given extra English teaching and who had become fully fluent actually did better than white pupils.

Teenagers from all ethnic minority groups stayed in education for longer than white students, with the majority of Pakistanis still learning full time at age 19. However, they were less likely to apply to a traditional university and more likely to go on to a former polytechnic.

Cheryl Gillan, the junior education minister, asked schools inspectors to look at ways in which underachievement and stereotyping could be tackled. A further report next year will

spell out ways in which some schools have succeeded, and advise on future strategy.

Ethnic minority pupils will have their progress monitored through their national curriculum test results, and both the inspection and teacher-training systems could be reformed to place greater emphasis on their problems. In 1985, an official report proposed a similar scheme but it was rejected amid allegations that it was heavy-handed and patronising.

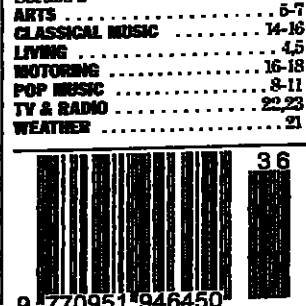
Herman Ouseley, chairman of the Commission for Racial Equality, welcomed the plan, but said it should have come sooner. "We want it implemented with haste and vigour. We have really missed a whole generation of young people who have underachieved, and that includes white working-class boys. We have got to address the failure to fully educate all our children."

The racial divide, page 3

**QUICKLY**  
**Surgery for Yeltsin**  
Boris Yeltsin broke all Kremlin taboos by admitting he has agreed to heart surgery, after weeks of speculation about his health. Page 2

**SFO set for inquiry**  
The Serious Fraud Office was poised for an investigation into the unfolding Morgan Grenfell unit trust scandal. Page 19

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# Libel trial to embarrass Tories

CHRIS BLACKHURST  
Westminster Correspondent

Evidence that government ministers received election expenses from a leading political lobbyist will surface next month in a libel trial which will be deeply embarrassing for the Government during the Tory party conference.

The Prime Minister will be subpoenaed along with Michael Heseltine, the Deputy Prime Minister, Sir Robin Butler, the Cabinet Secretary, and former Tory Chief Whip Richard Ryder, to give evidence at what promises to be the most sensational political trial for decades.

Ian Greer, the parliamentary lobbyist who acts for some of Britain's biggest businesses, made donations towards the general election expenses of Conservative candidates in key marginal seats. One of those Tories, David Mellor, the former Cabinet minister, has confirmed that he received the cash which went into the "fighting fund" for the 1987 general election campaign in his Putney constituency.

Other Tories, including one current minister, are also understood to have accepted payments from Mr Greer.

While most of the money was directed to the Tories, two

senior Labour figures are also likely to be named as having had a donation to their election expenses from Mr Greer.

The evidence will expose a gap in the rules covering election expenses. By taking money from Mr Greer, the MPs and the lobbyist did not commit any offence or breach any rule: the rules require the MPs only to stay within the election limit, currently £6,000, and to list what they spend the cash on. They do not have to disclose where it came from.

The claims will arise during the libel trial brought by Neil Hamilton and Ian Greer against *The Guardian* newspaper over

the "cash for questions" affair, due to start early next month, at the beginning of the Labour party conference.

Conservative managers were already fuming at the timing of the trial and the confirmation that Mr Major, Mr Heseltine and Sir Robin will be required to appear to explain the circumstances around Mr Hamilton's resignation as trade and industry minister in 1994.

The claims over election expenses will send Tories, hopeful of a successful conference to kick-start their election campaign, reeling.

By making donations direct to MPs's constituency associa-

tions, there is no danger of the money being swallowed by Conservative Central Office. Some donors regard it as a more efficient way of giving aid.

Mr Mellor has admitted to receiving £500 from Mr Greer in May 1987. Payment was made by cheque sent from Mr Greer's home address, which was then in his Putney constituency, to Mr Mellor's local party agent. He viewed it as a personal donation from Mr Greer.

The payment, the only one to Mr Mellor, was noted in a ledger kept by Mr Greer, detailing cash to MPs.

The MP for Putney is un-

derstood to be furious at the prospect of having his name brought up in the trial.

The four-week trial will cast a huge shadow over the party conference. Tories are incredulous that Mr Hamilton and Mr Greer, both of whom are seasoned political operators, were prepared to countenance going into court during the critical conference season. Solicitors for *The Guardian* said the decision to hold the trial during the conference was made by the plaintiffs, not the newspaper.

Mr Mellor declined to comment. Mr Greer passed questions to his solicitor, who said he was unable to comment.

## Yeltsin admits he needs heart surgery

PHIL REEVES  
Moscow

Boris Yeltsin broke all Kremlin taboos yesterday by finally admitting that he is has agreed to have surgery to cure his continuing heart ailment. His announcement comes after weeks of speculation about his health, and explains why he has been in virtual seclusion for more than two months, leaving a vacuum in the heart of the Kremlin.

In a television interview, Mr Yeltsin explained that surgeons have informed him that he either had to have an operation, or would have to work "passively". Speaking slowly, he said: "Passive work never suited me. Nor can it suit me now. That's why an operation and full recovery, as they promise, is better than passive activity."

The surgery is expected to take place at a cardiological centre in Moscow. Mr Yeltsin, who had two heart attacks last year, was quick to quash reports that



Special brew: Boris Yeltsin drinking tea during his interview with RIA Novosti correspondent Michail Lessi at the President's retreat outside Moscow

he will go abroad for the operation, at the end of the month. According to Reuters, Kremlin aides have indicated that it will be a by-pass operation, although that has not been confirmed.

There have been reports for weeks that Mr Yeltsin's heart condition had returned. They began when the 65-year-old President suddenly dropped out of view after the first round of the presidential election in June.

As his absence persisted, his aides blamed acute weariness from the campaign, although few commentators believed them. The President's announcement, made to the little-known RIA Novosti news agency, appears to mark a change in policy within the Kremlin. Mr Yeltsin said he wanted to end the practices of secrecy that dominate Russian government - a remark that ac-

knowledges that the misinformation circulated by his aides has done nothing to end international speculation about his condition. "I want to have a society based on truth here. That means no longer hiding what we used to hide," he said.

In what may have been an attempt to divert some attention from his condition, Mr Yeltsin used his television appearance to announce that, after days of apparently shunning Alexander Lebed, his peace envoy in Chechnya, he now supported the recently signed peace deal. However, he was critical of one of its key components - a speedy withdrawal of troops. Mr Lebed yesterday met the

Chechen rebel chief-of-staff, Aslan Maskhadov.

The announcement of Mr Yeltsin's heart problems led television news broadcasts in Moscow last night. The key question facing Russians is who takes control while Mr Yeltsin, who is due to meet the German Chancellor Helmut Kohl tomorrow, is out of action. Under the constitution, Viktor Chernomyrdin should step in, but he has been wrestling for power and influence with Mr Lebed.

In Soviet times, leaders' health was considered a secret and the state often went to bizarre lengths to hide problems. When Leonid Brezhnev was in his decline, pictures were falsified and events specially staged for television to suggest he was well. For months before his successor Yuri Andropov died, officials said he had a cold.

In recent months Mr Yeltsin's health had been shrouded in a secrecy reminiscent of old times. Yeltsin disappeared from public view in late June. His aides said he was simply tired and recovering from a vigorous election campaign that brought him victory over a communist rival. Since then, Mr Yeltsin has made only one public appearance, on 9 August, briefly showing up at his inauguration ceremony.

Sick Yeltsin, page 13

## Abuse-inquiry police call for 400 people to come forward

PATRICIA WYNN DAVIES  
and ROGER DOBSON

Police appealed to 400 former residents of a Cardiff children's home yesterday to use confidential telephone hotlines to pass on information in a major investigation into allegations of physical and sexual abuse.

South Wales detectives also want to interview more than 100 social services staff who had connections with the former Taff Vale home at Whitchurch, Cardiff, between 1955 and 1991, when the home was closed under a reorganisation. Former residents and staff were urged to make contact with the police as soon as possible.

Former residents of the council-run home will now be young men and women aged between 16 and 27. Detective Chief Superintendent Phil Jones, head of South Wales CID, told a news conference: "For these young people it will

possibly be the only real practical opportunity they have had over the last six years to speak about what might have been going on there."

The investigation follows suspicions that paedophiles preyed on vulnerable children at the short-stay care and assessment home for 10- to 16-year-olds.

Ten detectives, male and female, will be assisted by social services staff and counsellors from Cardiff County Council. John Jevons, director of social services and former director in Cleveland, the scene of Britain's biggest abuse scandal, said that the investigation related only to Taff Vale and not to any other current or former home.

A former Cardiff social worker, Geoffrey Morris, was jailed for five years last Monday for sexually abusing three boys aged 12, 15 and 16 while employed as a residential worker at the Taff Vale home. Morris, a bachelor who worked in child-

care for 20 years, had abused his position at the home, the prosecution told Cardiff Crown Court.

Mr Jones said the case was a factor in the investigation, but police had received other information.

He said: "Our concern is for individuals who may have been abused in the past and who, for whatever reason, decided not to make a formal complaint... I am appealing to them: please, take the opportunity to contact us."

Mr Jevons said that the council's own preliminary inquiry into possible mistreatment had led it to ask for further police investigation. It is understood that after two care workers raised the issue of possible abuse, the home's log books of complaints were examined by senior social services staff, after which Mr Jevons decided to call in the police.

Deborah Jones, of Voices

from Care, a group which helps former residents of care homes, said: "It would not surprise me if the South Wales police investigation eventually extended beyond the Taff Vale home."

"We have heard of incidents of abuse in Cardiff children's homes over a considerable period of time. We welcome this investigation and will try to help. It is a complacent attitude to say that what happened is in the past and does not go on now because of stricter procedures and better training."

The investigation follows the long-running scandal of abuse in Cwylf homes which led to the jailing of former care workers and - following a concerted campaign - the setting up of a tribunal chaired by the former High Court judge Sir Ronald Waterhouse. The tribunal has its first meeting next Tuesday.

The telephone number for former residents of the home to ring is 01222 571535, 9am to 10pm.

## Blair spurns a deal on Scots vote

JOHN RENTOUL  
Political Correspondent

Labour leaders plan to ditch the policy of a second referendum on Scottish devolution agreed in a welter of old-fashioned Labour confusion last weekend.

Sources close to Tony Blair and George Robertson, the Scottish affairs spokesman, made it clear yesterday that the pledge, which is not in the party's early manifesto, would not be in the final version either.

Mr Robertson is expected to be forced into an embarrassing "U-turn" as early as next week. He did not consult Mr Blair before agreeing at Saturday's meeting of the ruling Scottish Labour Executive to the "compromise", which backed the leadership's plan for a

referendum only at the price of a second one.

Labour then found itself committed to a two-question referendum on a Scottish parliament, which would ask voters separately to approve its tax-cutting and tax-raising powers, followed by another referendum if the Edinburgh parliament actually decided to use those powers.

Mr Robertson defended the decision as an endorsement of the leadership but the minority on the executive who wanted to embarrass Mr Blair managed to land the party with a policy supported by no one apart from Mohammed Sarwar, the Glasgow parliamentary candidate who proposed it.

What the Conservatives have dubbed the "tartan tax" issue

has caused turmoil in the Scottish Labour Party since Mr Blair sprung the referendum plan on it in June. Activists have accused Labour's leaders of being defensive about their plans for a tax-raising assembly, with many blaming the ruthless drive of the shadow Chancellor, Gordon Brown, to prevent Labour being portrayed as the high-tax party.

Jack Straw, the party's spokesman on constitutional affairs, defended the new policy yesterday. He said on BBC radio: "Who is to complain about the fact that we're going to ask the Scottish people whether they support our proposals for a Scottish parliament and its tax-raising powers and, where the tax-raising powers are concerned, not once but twice?" He

later launched a vigorous defence of Labour's apparent intention to rule by referendum. "We are unapologetic that on these major constitutional changes people should be asked their opinion," he said.

Mr Blair welcomed the decision of the Scottish executive as "mature and sensible", but is thought to be sensitive to the ridicule the new policy has attracted. Dennis Canavan, the dissident Labour MP declared: "If the Labour leadership carry on like this, they will end up having a referendum every weekend. The whole thing is preposterous."

Other Labour MPs have mockingly suggested that the party should now propose a third referendum asking the question: "Are you sure?"

## SIGNIFICANT SHORTS

A senior British diplomat, convicted of smuggling a large consignment of "vile and sickening" child pornography into Britain, may have been part of a network, according to customs investigators. Robert Coghlan, former First Secretary at the British Embassy in Tokyo was found guilty, swiftly and unanimously yesterday and will be sentenced this morning by Judge Gerald Butler QC at Southwark Crown Court.

The divorced father-of-two was found guilty of one charge under the Customs and Excise Management Act, 1979, after his hoard of 109 videos, 70 of which contained paedophilic material, were discovered in Essex, en route to Madrid. "I believe the videos were destined for wherever he was going and whoever was in his network," said Jim McGregor, deputy chief investigator with Customs and Excise.

Coghlan, 54, who faces up to seven years in jail, showed almost no reaction as the verdict was returned after 52 minutes. Crown counsel Nigel Latham told the court: "It would seem that in Japan... he was something of a Jekyll and Hyde character - sometimes a respectable representative of the country, at other times visiting specialist sex shops, buying the most profane type of paedophile material, until he had accumulated this large collection." *Jojo Moyes*

Dust from office photocopiers can cause lung disease, according to Austrian scientists, who say that increasing use of copiers will result in more people with respiratory problems. The scientists report the case of a 59-year-old non-smoker who developed a dry cough and breathlessness after working in a newspaper agency, where copiers were in regular use.

Tissue samples from his lungs and lymph nodes showed that his body was reacting to pigment particles in the toner dust, which contained silicon, iron, and copper, all of which can damage the lungs if inhaled. The man's recovery was slow, and nine months after treatment with steroid drugs began there was little improvement. The case is the second to be reported in the *Lancet* linking lung disease with photocopiers. *Liz Hines*

Deadlines have been set for women hoping to sue what was once the largest manufacturer of silicone breast implants. British women who believe their health suffered as a result of implants made by the American firm Dow Corning have until 14 February next year to initiate their claim. Around 10,000 British women are understood to have commenced claims against manufacturers following allegations of skin disorders, muscle pain, tremors and incontinence from implants which allegedly leaked.

Other surgical implants which might also be included in the legal action are for knees, other joints and hips. Under American court laws, the company is to embark on a programme to alert as many possible claimants as possible to the deadlines which have been set. Claims by people living in the States and Puerto Rico need to have been filed by 15 January. *Louise Jury*

Peter Lilley, the Secretary of State for Social Security, came under fresh fire in the High Court yesterday in a challenge to regulations on benefits for asylum-seekers, made under emergency legislation passed in July. Mr Justice Poplewell ruled that a full judicial review hearing should take place as a matter of urgency. Up to 10,000 asylum-seekers could be entitled to "urgent cases" if the application, by a woman member of a political group opposed to the Ethiopian government, succeeds.

The woman says she fled from Ethiopia after suffering beatings and rape by prison guards. The regulations purport to make the 1996 Act apply retrospectively. The July legislation followed a Court of Appeal ruling that Mr Lilley had exceeded his powers when introducing new rules refusing housing benefit, income support and other benefits to asylum-seekers who failed to make prompt applications on their arrival in Britain. *Patricia Wynn Davies*

HIV, the virus which leads to Aids, causes more widespread damage to the immune system than was previously thought, according to researchers at Edinburgh University. Using a highly sensitive test for the virus, they have found that it infects more than one type of cell in the immune system.

The findings suggest that while HIV infection of cells known as CD4 cells predominates early on in the disease - a well-established fact - HIV infection of cells known as CD8 cells may play a crucial role in the progression of Aids, especially in the later stages. Leading British Aids researchers are calling for urgent research to assess the clinical impact of the new information which they say will be important in the management and treatment of HIV and Aids. *Liz Hunt*

The governor of a prison in which five women have died in suicides in 15 months is to retire early, it was announced yesterday. But the Scottish Prison Service denied Robert Glen, 50, was leaving Cornton Vale prison, near Stirling, under a cloud. He is to be succeeded by Kathleen Donegan, 43, HM deputy chief inspector of prisons in Scotland.

A partial eclipse of the Sun will be visible across Britain. Solar eclipses occur when the Sun, moon and Earth line up and the moon blocks out the light of the Sun. Astronomers expect the phenomenon to begin at exactly 1.02pm on 12 October. By 2.18pm, up to 50 per cent of the Sun's surface will be concealed by the moon as it arcs across the star's centre.

The moon is only one four-hundredth the size of the Sun but the fact that it is 400 times closer to Earth allows it to sometimes to completely block the Sun. "While full eclipses happen only every century or so and are very dramatic, partial eclipses are more common but still very interesting," Mark Casali of the Royal Observatory in Edinburgh said.

The Queen's 1996 Gold Medal for Poetry has been awarded to Peter Redgrove, Buckingham Palace said yesterday. Mr Redgrove, 64, from Cornwall, is a prolific poet, novelist and playwright. He was recommended for the Medal by a committee headed by the Poet Laureate, Ted Hughes. The award was instituted by King George V in 1933.

## Correction: Lord Stevens

In an article yesterday entitled "Champagne and oysters - that's the way we do it", we incorrectly stated that Lord Stevens attended the re-launch party for *Funch* magazine. In fact, Lord Stevens did not attend. We apologise for this error.

## THE INDEPENDENT ABROAD

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**NICK BERRY IS GOING TO STOP ACTING.**

(LET'S ALL PRAY HE DOESN'T TAKE UP SINGING.)

Nick Berry, one of Britain's most successful TV actors, is going to retire. Find out the reasons why and what his plans are only in this week's *Radio Times*.

**RadioTimes**

IT'S NOT WHAT YOU EXPECT.

هَذَا مِنْ أَلَا صِلَ

# Pupils can expect to do better and better in exams, unless they are black

# WHY?

By Fran Abrams

Black boys, according to some race relations experts, are often more lively, more boisterous, more chatty than their classmates. Could this be why they are six times more likely to be excluded from school for misbehaviour?

Whatever the cause, something is going on. While most ethnic groups are doing better than before in exams, African-Caribbean boys are slipping further behind.

Yesterday's Ofsted report on the achievements of ethnic-minority pupils described in painstaking detail a problem which has become almost impossible to ignore.

Teachers, it said, were creating and amplifying conflicts with black pupils. Far from seeing them as energetic and enthusiastic, they interpreted their behaviour as threatening and aggressive. They expected them to achieve little at school. Asian pupils, meanwhile, were seen as quiet and compliant. Not surprisingly, both groups of pupils tended to live up to their stereotypes.

The researchers did add that social class and gender both played an important part in the failure of these young people, but in seeking both causes and solutions to the problem, they turned to the school system.

They were not alone. The fatalism which used to surround the issue of race is being challenged from every quarter. The old belief that black teenagers were so weighed down by poverty, prejudice and hopelessness that they were bound to fail has been rejected. In addition, the belief that poor exam results can be caused by genetic programming has been largely discredited, not least by new evidence that white working-class boys are also under-achieving. Researchers are looking for the things that can be changed, rather than holding up their hands in despair.

Bernie Grant, Labour MP for Tottenham, believes there is much that can be done and he is blunt in his analysis of why black teenagers are falling by the wayside. "I think the schools are failing them and they can't cope with them," he said. "Other people suffer from social factors such as bad housing."

Mr Grant cited the case of a girl he met recently in a north London school. Until a year ago she had lived in Barbados, where she was considered a below-average pupil. Here, she was above average for black pupils, because the teachers' expectations were so low.

She and the other black teenagers at the school were in danger of having their actions misinterpreted. "I think they tend to talk back more,



'My Muslim religion has given me discipline'

Camran Hussain, 16, who is studying for his A-levels, said he believed that there was "quite a big difference" in the way different communities responded to education. Camran, from Wembley, north London, whose family originally come from Pakistan said: "Many Asians are very disciplined in their approach to education, unlike some other people who seem undisciplined. I think it's something that comes from the families and from the tradition. I am a Muslim and as a Muslim I believe it is important to do well in education and the religion is giving me discipline."

The student, who gained six A grades in his GCSEs this summer and is hoping to study maths, chemistry and physics at A-level said parental concern was an important factor but not the only one.

"My parents don't push me but they do ask me if I'm doing all right. But I don't want to do badly, because for me education is the most important thing. It will help me in the future. My aim is to get a good job with good money so I can support my family."

Camran hopes to study astronomy at university, possibly at Oxford or Cambridge.



'At our school, everyone is treated equally'

GCSE student Ewa Stefanska, 15, is aiming to take seven exams next summer at the Hampstead school.

She firmly rejected suggestions that the level of education depended on your community.

She said: "I have got black and Asian friends at school and I don't think it makes any difference who they are."

"It just depends on the individual and on the individual family."

"If you want to work hard then you will do well at school, but if you mess around then you will not."

"I think this applies to all the communities and at our school everyone is treated equally."



'I went out raving all the time, even on Sundays'

Marcus Murray is 16 and a pupil at the Hampstead school in north-west London where he is retaking his GCSEs to get better grades. He accepts that there are different "cultural" pressures which affect the way that Asians, fellow Afro-Caribbeans and other ethnic minorities do at school.

Marcus, from Victoria, central London, said: "You tend to find that the Asians do not have so much of a social life when they are working for exams."

He admitted that he and other Afro-Caribbeans had had hectic social lives and this may have affected their work. "I used to go out raving all the time. I would even go out on a Sunday and on Monday at school I would be tired and upset. So I decided not to go out so much and I think it has helped my work."

He thought that while Afro-Caribbean families encouraged education, the pressure was greater in Asian families. "We are encouraged but the Asian pupils are pushed very hard. They really have to get it right."

However, he said he was "unhappy" at the stereotyping of Afro-Caribbeans being less good at school than other groups. "I think it depends on the individual and whether they want to work hard."

## Why do black boys do so badly at school? The theories:

- They tend to be lively and unafraid to answer back - traits misinterpreted as threatening, leading to exclusion.
- Teachers stereotype black boys. Because they are not expected to be academic, they do not strive to do well.
- Parents subjected to racism at school are passing on their own negative attitudes, creating a cycle of resentment.
- Many live in one-parent homes and lack extended families, often left in their families' countries of origin.
- Young, disaffected blacks can easily drift into street culture, crime and drug gangs.
- Black pupils' negative attitudes are the understandable result of seeing unemployment and racism at close quarters.

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## news

# Private insurer buys into NHS cancer centre

NICHOLAS TIMMINS  
Public Policy Editor

A health insurance company has invested in an NHS cancer treatment centre in an open admission that it needs the health service to provide the best possible care for private patients. The new alliance between PPP Healthcare and the Royal Free NHS Trust in north London could be the precursor of similar deals with other trusts, according to Dr Harry McNeilly, medical director of PPP. Similar deals could also be established for some other highly specialised areas such as neurosurgery and neuroscience. PPP, Britain's second biggest health insurer, has contributed £100,000, or around a third of the £350,000 cost of expanding the Royal Free's Moore cancer ward by 20 per cent to 24 beds, more than doubling its day care facilities and refurbishing eight intensive treatment rooms. The facilities will be available to both NHS and private patients, with the Royal Free's pri-

ate patient income from cancer treatment possibly doubling to £1.5m a year or more as PPP encourages its patients to use the specialist facilities.

The move follows the Calman report on cancer services which concluded that the best treatment is provided by having limited numbers of highly specialised centres linked to cancer units in ordinary general hospitals which deal with the more common tumours – a so-called “hub and spoke” arrangement into which NHS units are currently being reorganised.

Private hospital units lack experience of treating rarer cancers and the comprehensive range of services from surgery to chemotherapy, radiotherapy and psychology which a specialist centre such as the Royal Free can provide. Dr McNeilly said: “To have a high quality centre, you have to have all these specialists together and you need a substantial population which will throw up sufficient of the rarer tumours to ensure the specialists ac-

quire the skills to provide the best treatment. We firmly believe that the NHS at the moment is the only place that can provide that level of expertise, and that is why we are looking to the NHS to provide these services for our subscribers.”

The “preferred provider” status means PPP will encourage subscribers who need such specialist care to use the Royal Free, obtaining competitive charges in return for more-or-less guaranteed volume. But PPP stressed the deal was less about price than about quality – ensuring that private patients receive equally good care to NHS patients as the “hub and spoke” reorganisation is phased in.

Richard Begeny, Professor of Oncology at the Royal Free, insisted that private patients would not receive preferential treatment, and PPP's contribution was allowing an earlier and more extensive refurbishment of Moore ward. “There is no waiting list for treatment at the Royal Free, so there is no queue to jump,” he said.

The global larder: After its debut in restaurants, the meat may become a staple



The rump that jumped: Shoppers inspecting a pack of kangaroo meat

Photographs: Glynn Griffiths

## Telephone screening plan for casualty patients

LIZ HUNT  
Health Editor

The British Medical Association yesterday unveiled plans for a radical overhaul of hard-pressed hospital accident and emergency services, which includes a campaign actively to discourage the majority of patients from using them.

Doctors are to encourage patients to phone the hospital first and check that their problem is appropriate for A&E treatment. If not, the hospital should redirect the patient to the right department or to a GP. Staff shortages and funding problems are at the heart of the A&E crisis, according to the BMA, but the expanding work-

load of non-emergency patients – minor injuries account for the largest volume of A&E patients – who would be better treated elsewhere is also significant.

Up to 40 per cent of patients who attend casualty departments should not be there, according to Dr Laurence Rocks, a consultant in A&E at the Royal Victoria Hospital in Belfast who chaired the BMA working party on A&E services.

The BMA said that a telephone system in which experienced staff advise patients where to go for treatment would reduce demand significantly.

In addition, the association is calling for the development of acute admissions units to cut trolley waits for patients ad-

mitted through A&E who need a bed elsewhere in the hospital. Such a unit would allow in-patient treatment to start more promptly, and many patients might be eligible for discharge direct from the unit, easing pressure on beds, the BMA report concludes.

James Johnson, chairman of the BMA consultants' committee, said: “We want to avert the regular winter crises in A&E by taking practical steps now to ease the pressure.”

Many people see A&E as the front door of the hospital, open to all comers. We need to make sure staff are concentrating their efforts on genuine accidents and emergencies, not acting as a clearing house for diagnostic tests.”

## Kangaroo hops into the supermarket

Australian seared steaks and surf salad

**Ingredients:** One chopped and de-seeded red or green chili; 2.5 cm (1 in) piece of fresh root ginger, peeled and grated; one clove garlic, peeled and crushed; 350g (12oz) chopped shallots; 3-4 tsp oil; 2 kangaroo steaks cut into even strips; 225g (8oz) cooked, peeled king prawns; 20g (3/4oz) coriander or flat-leaf parsley; 9-10 sprigs fresh mint; salt and freshly ground black pepper.

**Dressing:** Juice and finely grate rind of one lime; 1-2 tsp chili sauce; 300ml (1/2 pint) thick coconut milk; sugar to taste.

**Garnish:** Four whole unpeeled prawns; one red chili, de-seeded and chopped.

**Method:** Mix the chili, ginger, garlic and shallots. Fry in 3 tsp hot oil until crispy and golden brown; leave on kitchen paper to drain. Heat the remaining oil in a frying pan over gentle heat; fry steak strips for 2-3 minutes or until just tender; remove from heat. In the same pan fry prawns for a further 2 minutes or until just heated through.

Mix chili mixture, kangaroo-steak strips, prawns, coriander leaves, and sprigs of mint. Season to taste.

Mix all the dressing ingredients together; season to taste. Arrange steaks on 4 plates, garnish with prawns and a sprinkling of chili and serve with the lime dressing.

LOUISE JURY

It bounded into the menus of the more modern restaurants, and took a giant leap forward to public acceptability when BSE hit the beef market.

Now kangaroo meat is being tested as a daily staple with a supermarket offering it as steaks and burgers.

The first supplies are available at Tesco from now until the end of September. If the meat finds a following, it will become a regular on the shelves from the beginning of next year.

Michael Fletcher, Tesco's speciality meats buyer, said: “Our customers have shown a great interest in speciality meats and we will be offering them a new variety.”

Already available in butchers and increasingly popular since

the “mad cow disease” scare deterred beef-eaters, kangaroo is described by Tesco as “succulent, flavoured and with a similar taste and texture to beef steak”.

Kangaroo meat follows on from ostrich, crocodile, wild boar and buffalo as an innovation in the diet of a country which is becoming increasingly adventurous in its eating habits.

The National Heart Foundation of Australia has endorsed kangaroo for its low fat content – around 1 per cent – and low level of sodium.

A spokesman for Tesco said that half of its customers were trying to cut down on red meat but had found the taste and texture of existing alternatives unacceptable.

“We are looking at different ways of meeting customer

demands,” he said. More than 500,000 packs of ostrich steaks and burgers have been sold in Tesco supermarkets since they were introduced in May.

A pack of two kangaroo steaks (250g) sells for £3.99 and a pack of two kangaroo burgers (227g) for £2.99, prices which the store claims compare favourably to those of the better cuts of beef.

However, other stores look unlikely to follow suit. Jane Ellison, for Asda, which was one of the supermarkets to introduce ostrich, said it did not stock kangaroo and had no plans to do so. And a Marks and Spencer spokeswoman said: “We sell beef, lamb and pork. We are always looking at new developments in the food industry but we have no plans to sell kangaroo at present.”

## Whitehall set for autumn offensive in beef war

SARAH HELM  
Brussels

The government will today launch an autumn campaign to end the six-month-old beef ban by seeking to persuade European scientists, meeting in Brussels, that fewer cattle need to be culled than first agreed.

It is now more than two months since John Major claimed victory in the beef war at the Florence summit, saying he had won assurances from his European partners that the ban would soon be over. Mr Major even suggested that the next phase in lifting the ban could start as soon as November.

However, as Brussels returned to work this week, there was no sign of further easing of the blockade until well into next year, or later. The Government's only hope of a breakthrough lies in its ability to persuade other member states that new scientific evidence,

published last month in *Nature* magazine, justifies a reduction in the number of British cattle which need to be slaughtered. If the slaughter plan can be cut back, the Government stands more chance of winning approval for its eradication measures in a House of Commons vote next month. The *Nature* study has played into the hands of Euro-sceptics who have used it as proof that the original EU-agreed slaughter plan was too harsh. Any easing of the worldwide beef ban depends on Britain's implementation of an agreed slaughter plan.

The new evidence, produced by scientists in Oxford, will be discussed for the first time today by members of the EU's veterinary committee.

The study suggested that the number of cattle which must be slaughtered to clear British herds of BSE might be lower than the 147,000 envisaged in a selective cull plan agreed by EU

experts in July. In particular, the study suggested that new evidence, that BSE can be transmitted from cow to calf, should be taken into account in a revised culling plan, and that BSE would be eradicated from Britain by 2001.

Commission experts say the Oxford findings are being taken very seriously and could lead to a review of the way cattle are targeted for slaughter. But Britain's hopes that it may secure a reduction in the number of cattle targeted for culling are likely to be dashed.

Other member states are continuing to take a hard line against Britain, arguing that much remains to be done to restore consumer confidence in beef. Germany in particular looks certain to oppose any reduction in the number of cattle slaughtered. The German milk industry has even called for a ban on the import of British milk, following the evidence that

BSE can be transmitted to calves. However, Commission experts say there is no evidence that milk can become infected, and has criticised the German move.

Today's preliminary discussions on a cull reduction will be referred to other specialist committees later in the month, before final decisions are taken by EU agriculture ministers.

In a separate initiative aimed at restoring order to the beef market today, the Commission will propose that all other EU member states agree to ban bovine offals, as a precautionary measure. It will also propose that certain sheep offals be removed from the food chain.

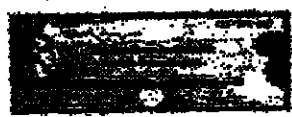
To date, other member states have refused to institute the same measures in force in Britain on the grounds that they have no BSE problem. The Commission believes the ban on such offals throughout the EU is common sense.

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### DAILY POEM

Graecum Est: Non Legitur

By Ciaran Carson

The fly made an audible syzygy as it dive-bombed through the dormer and made a rendezvous with this, the page I'm writing on. It was its karma.

This tsetse was a Greek to me, making wishy-washy gestures with its hands. And I made to brush it off, before it vaulted off into a handstand.

Ceiling-corner of the room. It dithered over to the chandelier-flex. And buzzed around it upside down in a stunt-plane Camel helix.

The landing-page approached my crafts as I began to think again. The candle guttered. My enormous hand was writing on the wall. The words began to stutter.

As the quill ran out. Syzygy: His dizzy Nibs was back. I took on board more ink. He staggered horse-like towards the blue blot I'd just dropped. Then he began to drink.

Ciaran Carson won the TS Eliot Prize in 1993 for *First Language*, a collection that used long-lined rhyming couplets in echo of the Irish ballad metre with its crisscross assonances. In *Opera Et Cetera*, published last week by Bloodaxe (£7.95), they appear again. Here, and as part of a long sequence, Carson spins slender tales around Latin tags.

## School bus rules 'leave lives at risk'

JAMES CUSICK

Regulations to improve the safety of school buses and coaches are “riddled with loopholes that makes them a non-sense”, the British Safety Council said yesterday.

Although the Department of Transport brought in new safety laws last May, with further European Union laws coming into force next February, the council, in conjunction with the pressure group Belt Up School Kids (Busk), said that the many exemptions in the rules left children at risk.

Glenda Jackson, a Labour transport spokesman, is supporting a joint BSC and Busk petition which will be presented to the Government.

Last May, the Minister for Road Safety, Steven Norris, ended the “three for two” concession which had existed since 1954. That allowed three children under 14 to sit in seats with two belts. It is now a legal requirement to fit a lap belt to

each seat used by a child aged three to 16. From February, EU regulations will make belts compulsory on all mini-buses and coaches, though vehicles registered before 1988 will not need them for another year. However, the “three for two” concession will still apply to buses where there are no belts and where standing is technically allowed.

The BSC and Busk said many old buses – without seatbelts – were still used by school authorities and they were exempt from the new laws. The BSC spokeswoman added: “This makes a total nonsense of the new laws. Seatbelts don't exist on these vehicles, and children will still be at risk.”

The BSC wants the “three for two” concession to end for all vehicles, thus ending the ability of some operators to legally carry more than 100 children in one vehicle at a time. The BSC added: “If coach companies allowed such scandalous overcrowding, they would quite rightly be prosecuted.”

هنا من الأصل

# Trust us: The men with a message for Britain



Famous features: Those eyes are back, this time in a purse supposedly emptied by Labour taxes on the new poster unveiled yesterday by Tory party chairman Brian Mawhinney (left) and Kenneth Clarke, the Chancellor (right)

ANTHONY BEVINS  
Political Editor

## Tories and Labour lay claims and counter-claims in battle to win voters with their tax plans

A barrage of political propaganda about Labour and Conservative tax plans left both parties deadlocked last night. The day's election campaign began with Kenneth Clarke, Chancellor of the Exchequer, accusing Labour of planning the introduction of "sly" tax increases - and delivering a strong message of tax cuts to come in his November Budget.

Brian Mawhinney, the Conservative Party chairman, and Mr Clarke then went on to unveil their latest poster - showing the red eyes from their previous portrait of Tony Blair staring from an empty purse, with the headline, "New Labour, New Taxes".

Fleshing out the alleged threat, Mr Clarke said the withdrawal of child benefit from families with children going into sixth forms - "the teenage tax" - would cost them £560 a year. That was the equivalent of 5p on income tax, and Mr Clarke added: "The tarian tax would add another 3p to your tax bill on top of the new English taxes if you live in Scotland. That's around another £340 a year for an average family living in Scotland."

"The private health tax would cost a pensioner £180 a year - if you had taken out that insurance for your old age. But Gordon Brown, the shadow Chancellor, replied that the same old Tories were telling the same old lies about Labour; his only commitment was to raise a one-off windfall tax on privatised utility profits. He also seized on an answer given by Mr Clarke to a question at a press conference about Conservative intentions to continue to shift the balance from direct to indirect taxation - the reason why value-added taxes have been increased while income-tax rates have fallen.

The Chancellor told *The Independent*: "In principle it is right to move, compared with the situation we used to have in this country, from direct to indirect taxation. It's an approach to taxation which is spreading through the Western world. The rationale behind it is that if you reduce marginal tax rates paid by people on their earnings, from their efforts, it has an incentive effect and improves performance."

Mr Brown said later: "Mr Clarke cannot escape the fact that he is committed to extending VAT to food, VAT to books and newspapers, VAT to transport, VAT to children's clothes, and he cannot escape the fact that in a letter to a constituent, he said this was his eventual aim."

Mr Clarke dismissed that charge as "mythical extensions of VAT". However, having accused Labour of having a hidden tax agenda, he also said he had cut the tax burden: "We have been able to get the tax burden down in the last year of this Parliament below what it was in the last year of the previous Parliament."

The selection of years was careful. In the year before the 1992 election, the national tax burden, as a proportion of national income excluding the North Sea oil sector, was particularly high at 36.75 per cent. It was cut back sharply to 34.75 per cent in time for the April 1992 election - the same level left by Labour in 1978-79. The overall tax burden this year is 36 per cent, and Treasury tables show the actual tax take from the average income family with two children has risen from 32.7 per cent in 1992-93 to 34.3 per cent this year, in direct and indirect taxes.



Gordon Brown: 'Windfall tax is sole commitment'

The aggression of this week's Conservative attack on Labour plans to halve the starting rate of income tax to 10 pence in the pound has confused the point - that the policy is designed to help the low-paid. In the 1970s, the great Tory charge against Labour was that it was inflicting punitive top tax rates of 83 per cent on earnings, and 98 pence on savings, of the country's wealth-creators. With the top rates of tax long since reduced to 40 pence for both earnings and investment income, the punishment is now being meted out to those least able to afford it - the low-paid.

As *The Independent* reported yesterday, the poverty trap is alive, and kicking the lowest income groups. According to the latest Department of Social Security tax-benefit calculations, a married couple with two children can lose 97p in the pound in tax and benefits on earnings above £98.22 a week. In such a case, the breadwinner would only see £1.50 of a £50 pay rise - the difference between £140 and £190 a week would hardly be worth a good candle.

But the DSS calculations show that there are even worse examples of the way in which the low-paid are caught out - there are points at which the low-paid can actually lose money. Take, for example, a married couple with one child under five, and a full-time carer on £190 a week. The DSS estimates that the family would be left with a net income of £132.27 after housing costs in an average private tenancy, and tax and national insurance contributions of £24.18 a week.

Because family credit becomes "fully disregarded" in housing benefit calculations on a weekly income of £193.83, a pay rise of £30 a week, to £220, would leave that family £3.99 a week worse off. The DSS says the "marginal deduction rate" becomes 123.1 per cent at that point - the family loses 23p for every extra pound earned. Labour's long-term aim to reduce the starting rate of tax from 20p to 15p and, eventually, 10p is specifically designed to help such people - not only by reducing their tax burden, but also by ensuring that the tax cut is not immediately clawed back through benefit cuts.

The shadow Chancellor, Gordon Brown, said yesterday: "The 10p starting rate is a good long-term objective because it is good for creating jobs and for giving work incentives."

ANTHONY BEVINS



John Major: 'Now in the business of cutting taxes'

## Slackening shackles of low-pay poverty trap

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## Parents' right to smack is defended

PATRICIA WYNN DAVIES  
Legal Affairs Editor

Parents should keep the right to administer "reasonable chastisement" of their children, the Government will argue before the European Commission of Human Rights on Monday. UK law should remain unchanged, it will argue, despite a series of court rulings that have sanctioned severe beatings, often involving the use of implements.

An application to the Strasbourg commission is being brought after a man was acquitted of assaulting his stepson. The boy, now 11, and his natural father are complaining that the punishment amounted to inhuman and degrading treatment, which is outlawed by article 3 of the European Convention on Human Rights, and that the state failed to secure protection of the boy's rights under the provision. He had been repeatedly caned between the ages of five and eight.

More than 60 children's and health organisations, including the NSPCC, the British Paediatric Association and the National Childminding Association, have called for smacking to be outlawed.

In a case that emerged this week, a father was arrested

and charged with slapping his 12-year-old son and was later bound over to keep the peace.

But far from outlawing smacking, UK law has proved it is prepared to countenance far more severe punishments. The 1933 Children and Young Persons Act allows parents and other carers to administer corporal punishment, leaving it to the courts to decide what amounts to "reasonable" chastisement. In a series of cases, parents who beat their children with canes, electric flex, belts, whips and riding crops have been acquitted of assault or cruelty charges. Examples include a father who admitted taking down his teenage son's trousers and repeatedly hitting him with a belt, breaking his skin and causing bruising. He was acquitted by Cambridge magistrates.

The Government will argue that the 1933 law should remain in force and that the boy and his father have failed to exhaust UK legal remedies by failing to take out a civil action for assault against the stepfather.

If the application is declared "admissible" it is likely to be referred for a full hearing by the European Court of Human Rights. If found to have breached the convention, the Government would be obliged, eventually, to change the law.

## Dartmoor's enchanted acorns fall on stony ground

NICHOLAS SCHOON  
Environment Correspondent

One of Britain's strangest woods, a kind of Bonsai rainforest, has been designated a National Nature Reserve. Wistman's Wood on Dartmoor is made up of dwarf pedunculate oaks, stunted and gnarled by growing on boulders and poor, peaty soil at 1,300 feet.

It derives its rainforest look from the ferns, greyish lichens and lush, bright green mosses which grow on the trees, smothering the bark and festooning the branches. They like the clean air and the dampness which comes with about 80 inches of precipitation per year. It usually rains for more than 200 days a year at Wistman's — and when it doesn't, there are often mists.

Wistman's had been suffering from heavy overgrazing by straying sheep and cattle. But the new tenant farmer, who rents the wood and surrounding moor from the Duchy of Cornwall, has put up fencing and has undertaken not to use any agrochemicals on the land.



Under the greenwood tree: A walker among the gnarled oaks, now a designated nature reserve

Photograph: Tim Cuff

## Wouldn't you rather spend £12 MILLION down The Green Man?



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politics

# Labour's green spokesman defies Blair

Michael Meacher proposes higher taxes on the rich and ballots on directors' pay

JOHN RENTOUL and NICHOLAS SCHOON

Michael Meacher, newly promoted as Labour spokesman on green issues, has called for higher taxes on the rich, and for workforces to be given a vote on company directors' pay.

The public expression of his views, in an interview with *The Independent*, cuts across Tony Blair's tax-cutting, non-interventionist message to business leaders earlier this week.

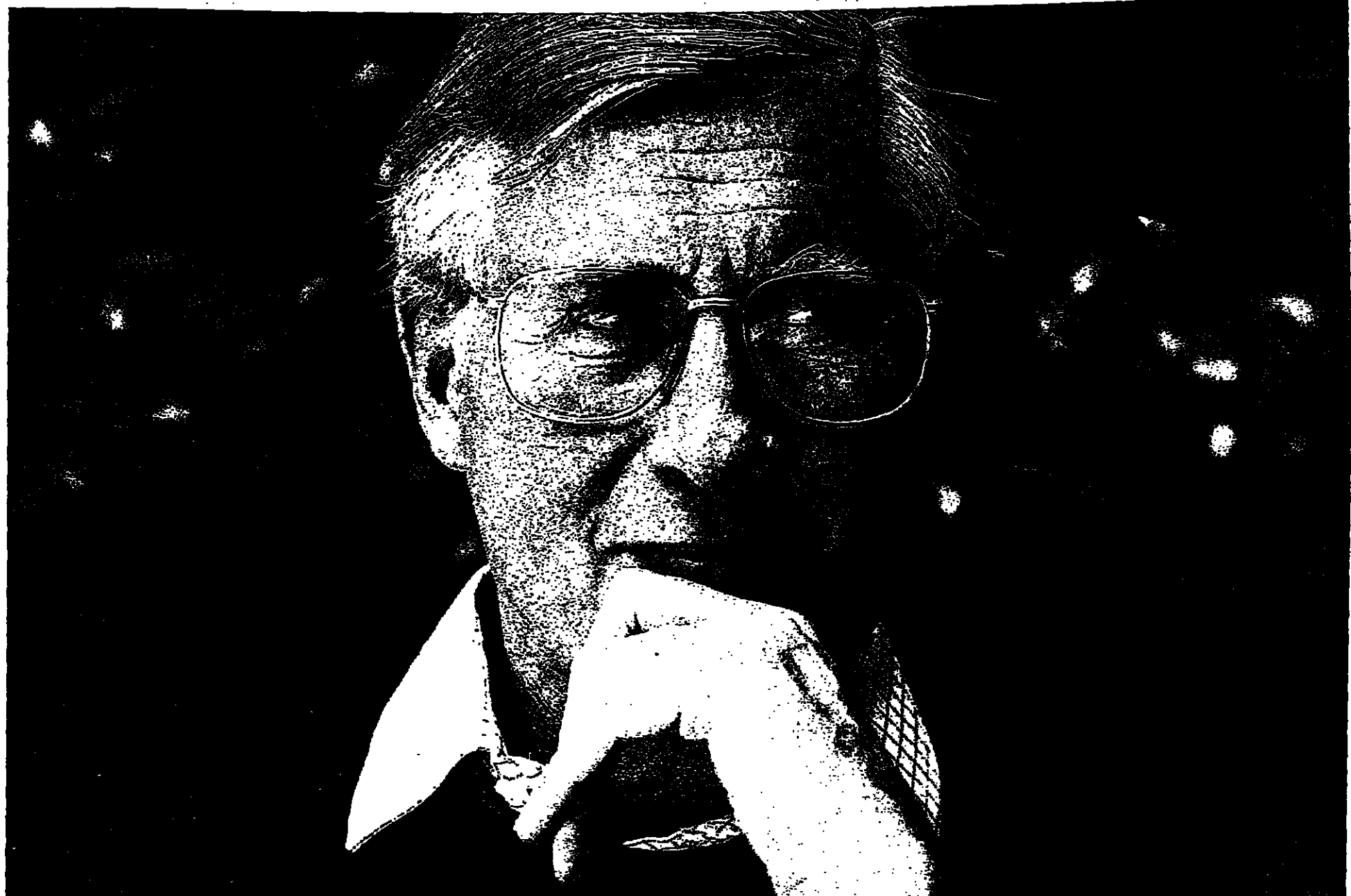
Ballots of employees on their directors' pay are "an idea that should be considered", he said. Taking up Mr Blair's desire to create a "stakeholder economy", he said: "If we have a stakeholder concept, employees are clearly major stakeholders. All that I'm saying is that that interest ought somehow to be reflected in the decision-making. And I certainly think that the balance of pay between top and bottom is something in which they do legitimately have a say."

Mr Meacher claimed that "the Government itself feels that a good deal of this top pay is absolutely abhorrent and excessive" and, asked if society should signal its disapproval by higher taxes which "soak the rich", he said: "I certainly think we should consider it."

Mr Blair has ruled out any implications for company law of his "stakeholder" vision, and last weekend said he had no intention of "soaking the rich".

Mr Meacher said: "Tax is the most sensitive word. Even to utter the word is a risk, as we've seen." (An oblique reference to the fate of Clare Short, his Shadow Cabinet colleague, who resigned this summer for saying people on MPs' incomes should pay more tax.)

In a wide-ranging interview on his new portfolio, Mr



Michael Meacher: 'Labour is more naturally green than the Tories because we don't have huge, in-built vested interests in roads or market forces' Photograph: Herbie Knott

Meacher refused to back down in his dogfight over water quality with Sir Desmond Pitter, the £310,000-a-year boss of North West Water.

Sir Desmond, who took out advertisements attacking Mr Meacher in the national press

last week, is Labour's number one privatised utility "fat cat". Mr Meacher said he would not bathe in the sea at Blackpool, and challenged Sir Desmond and John Gummer, Secretary of State for the Environment, to take a running

jump off the pier. "Will Sir Desmond Pitter join John Gummer in a swim through the water?" he asked.

He said Labour is certainly "more naturally green" than the Tories, because "we don't have these huge, in-built vested in-

terests, either in favour of roads or in favour of market forces. We are far more willing to look at consequences, and far more willing to regulate."

He denied using green issues to reassert Labour's traditional instinct for state regulation.

He also rejected the notion that he is out of tune with New Labour, saying: "I'm grossly stereotyped, and I would be grateful if you could take me for what I am and for what you find me to be." One of the longest-serving members of the Shadow Cabinet, Mr Meacher was first elected when he failed to win the deputy Labour leadership as Tony Benn's "disciple on earth" in 1983.

He stood by the proposals he made in his 1992 book *Diffusing Power*, which was published with the approval of the late John Smith before he was elected leader, but which will be regarded with suspicion by "New Labour".

As well as saying that richer nations might have to contribute to a £200bn fund to tackle global warming, they include a 75 per cent tax rate on incomes above £100,000 a year and giving one-third of the votes at company annual general meetings to employees.

He told *The Independent* the ideas in his book are "only suggestions for dealing with what

are quite difficult problems. Inequality has polarised to such a huge degree, back to the Edwardian or Victorian era."

As for richer nations having to foot poorer countries' bills for cutting the emissions that cause global warming, he said: "If we want a cleaner world and if we are affected by what they do, then we've got to help them."

He said he will be "pressing very strongly" for Environmental Protection to be a separate government department if Labour wins the election.

Although many green objectives do not need big public spending increases, he added that a Labour government could spend an extra £8bn a year on "public investment" without putting up taxes.

In a calculation which might alarm Gordon Brown, the shadow Chancellor, who says Labour would keep a tight grip on public spending, Mr Meacher said that, if the economy grew at 2.5 per cent a year, it would produce about £8bn every year in extra tax revenue, "without any increase in taxes".

## Mitchell urged to rescue talks

ALAN MURDOCH  
Dublin

London and Dublin are to look to the diplomacy of former United States Senator George Mitchell to defuse the row over death threats against two loyalist dissidents. The dispute threatens the fringe Unionist parties' presence at Northern Ireland multi-party talks.

The Democratic Unionist Party is expected to challenge formally the right of the small Progressive Unionist Party to attend talks when they resume at Stormont on Monday following the summer break.

The DUP has close links with the paramilitary Ulster Volunteer Force, part of the Combined Loyalist Military Command (CLMCC), which last week threatened UVF dissidents Billy Wright and Alex Kerr with "summary justice" unless they left Northern Ireland.

Ian Paisley, the DUP leader, said this week his party would not attend the talks unless the fringe loyalist parties repudiated threats of violence. Mr Kerr, a former south Belfast UDA commander, is in custody facing charges of helping organise a meeting of an illegal organisation.

David Irvine of the DUP has said the attack on the Kerr family was not ordered by the CLMCC.

Yesterday's informal Anglo-Irish conference in Dublin was overshadowed by pessimism about the prospects of progress in the Stormont talks.

The Secretary of State for Northern Ireland, Sir Patrick Mayhew, acknowledged "a lot of damage" had been done by the events surrounding Orange marches. "Everybody understands that there is resentment, there is fear, there is revived prejudice," he said.

He conceded that doubts about the talks' future remained after Unionist procedural stalling in June and July. "If there is not a will to make things work they can't be made to work. But I believe everybody does want to make [it] work."

Meanwhile, both the SDLP and Sinn Féin condemned the action of DUP Mid-Ulster MP in appearing and speaking at a rally held in Portadown on Wednesday night in support of Mr Wright.

Brid Rodgers of the SDLP said Mr McCrea had made a highly inflammatory speech in a highly volatile situation.

Mr McCrea said he had been standing up for the democratic right of free speech.

A number of loyalists in south Belfast, including a prominent figure in the Ulster Defence Association, have been warned by police that their lives are in danger from the UVF in Mid-Ulster.

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# Warner stalls over release of £30m IRA film

DAVID LISTER

The release in Britain of the new £30m film on the IRA's founding father, Michael Collins, may be delayed because of Hollywood fears that it could spark renewed IRA violence.

The film, which stars Liam Neeson and Julia Roberts, is directed by Neil Jordan, the British director who made *The Crying Game*, the highly successful film about an IRA man who falls in love with a transvestite.

Jordan's movie about Collins was praised last month at the Venice Film festival and opens in Los Angeles in a few weeks. In yesterday's edition of *Screen International*, Collins is given an October release date in Britain. But Warner Brothers are stalling on naming a release date in the UK or Ireland.

One insider said yesterday: "We haven't cancelled the release in Britain, but we are watching the situation. If we had a mainland bombing campaign we would have to think hard about whether the film could inflame the situation, and

whether it would be right to release it."

Warner Brothers in London yesterday denied reports that pressure had been put on the Hollywood parent company by President Clinton, anxious to see Northern Ireland peace talks start again before the American presidential elections in November.

Robert Daly, chairman of Warner Brothers, said: "This is not a film we are hiding, but we will be sensitive to conditions in the world at the time."

Neil Jordan defended his film. "I challenge anyone to demonstrate a more accurate historical movie," he said. "It's going to be moving and traumatic when the British and Irish public see the film. But that's a good thing. Yesterday's terrorist is today's statesman. I make no apology for that."

Cinemas are certain to show the film as soon as Warner makes the decision to release it. John Wilkinson, president of the Cinema Exhibitors' Association, predicted that the film would be shown in Britain as soon as Warner gave it the go

ahead. "It will be put on where exhibitors believe there will be an audience for it," he said.

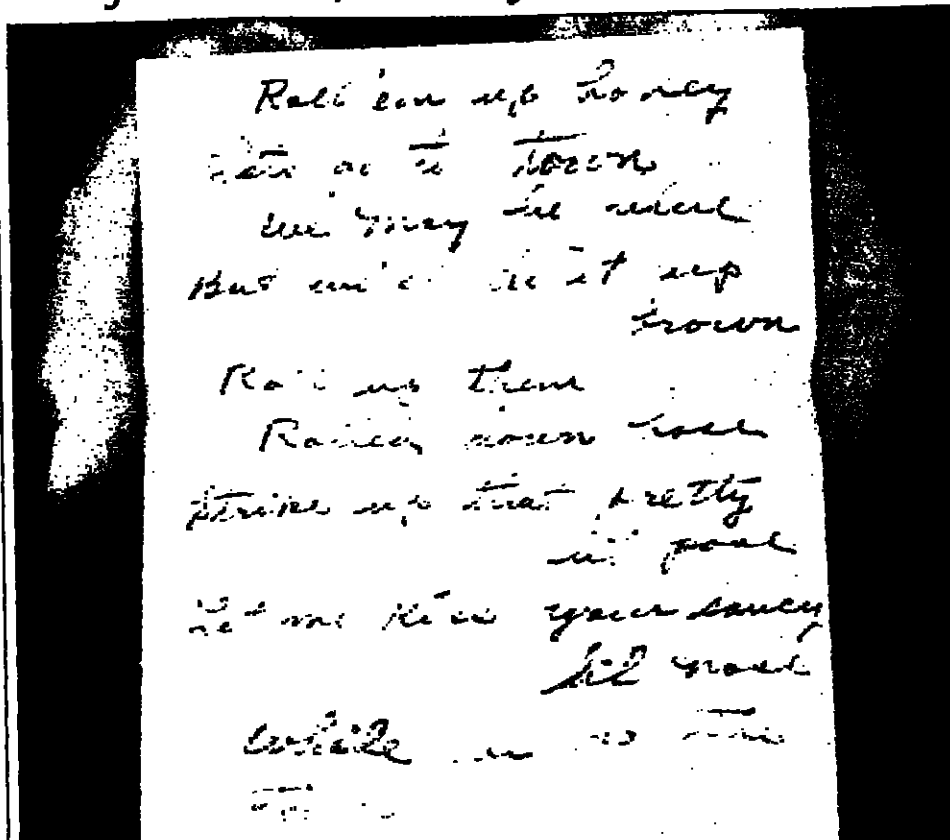
Simon Burke, chairman of Virgin Cinemas, said yesterday: "We don't shy away from putting on controversial films... Michael Collins is a charismatic figure and it will be a good film. I don't really think it's got political overtones that are relevant today."

No release date has been given yet for another film, *Devil's Own*, starring Brad Pitt as an IRA man on the run. Columbia Pictures, which made the film, is also said to be studying the political situation.

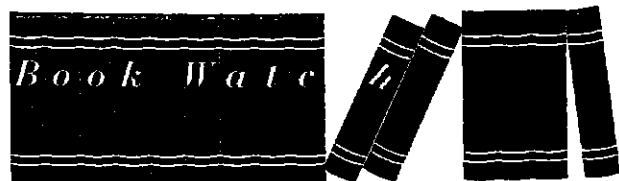
Work on both films began while the IRA ceasefire was in place.

Living, page 4

40 years on, Buddy's words of love fetch pretty pretty price



Rave on: This fragment of an unpublished song by Buddy Holly fetched £690 at a Christie's pop memorabilia sale in London yesterday. The lyrics, penned in 1956, were written on the reverse side of a City and School Tax Notice for the town of Lubbock, Texas, the singer's birthplace. Photograph: Hertie Knott



Much excitement this week over the discovery of the female answer to Vikram Seth. Seth transfixed the literary world three and a half years ago with his mammoth tale of Lata's husband-hunt, *A Suitable Boy*. Now Arundhati Roy has become the first Indian woman to hit the top rank. She has won advances of half a million pounds for her 400-page first novel *The God of Small Things*. Roy admits to bewilderment at the frenzied reception to her book, which recounts the death of a small girl in south India through the voices of her twin cousins. Philip Gwyn Jones, editorial director of Flamingo Books, which bought the UK rights for more than £150,000, said: "It's a masterpiece. It proves that real literary genius will always win through, even on a first book."

The judges of the 1996 Booker Prize for Fiction have met to select their longest list of novels. Traditionally this is the time when the first rows, controversies and inexplicable exclusions of worthy books are reported.

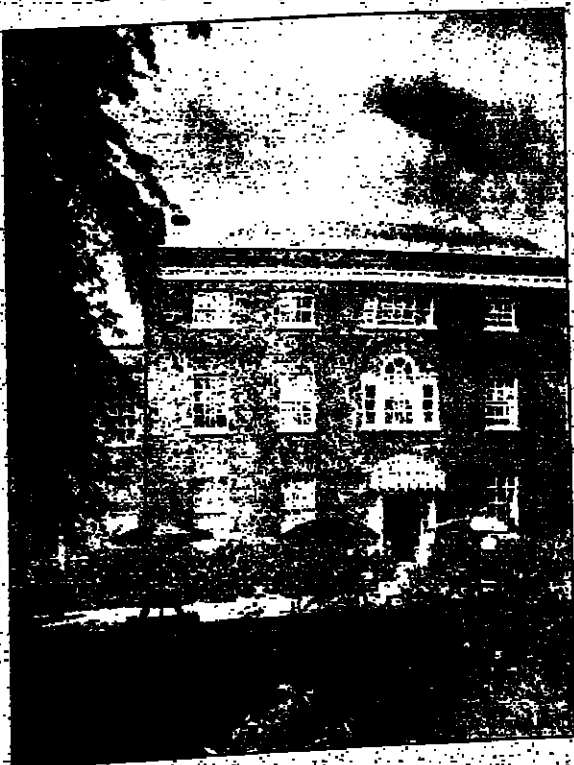
and this year is no exception. The Bookseller reveals that AS Byatt's *Babel Tower* and David Malouf's *The Conversations at Curlow Creek* have failed to make it on to the list. Surprising inclusions, meanwhile, are Ben Elton's *Popcorn* and Diran Adebayo's first novel *Some Kind of Black*, a semi-autobiographical tale of a black Oxbridge undergraduate. Carmen Calil is chairing the judges.

Phaidon Press is following up *The Art Book*, which won the British Book Award prize for illustrated book of the year, with *The 20th Century Art Book*. Like its predecessor, this beautiful work, to be published in October, is no snip at £25 - but any book that is such a pleasure to possess is worth it. Phaidon swears there were no arguments over which artists to feature: the exhaustive list ranges from the likes of Bacon to Koons and Whiteread.

MARIANNE MACDONALD

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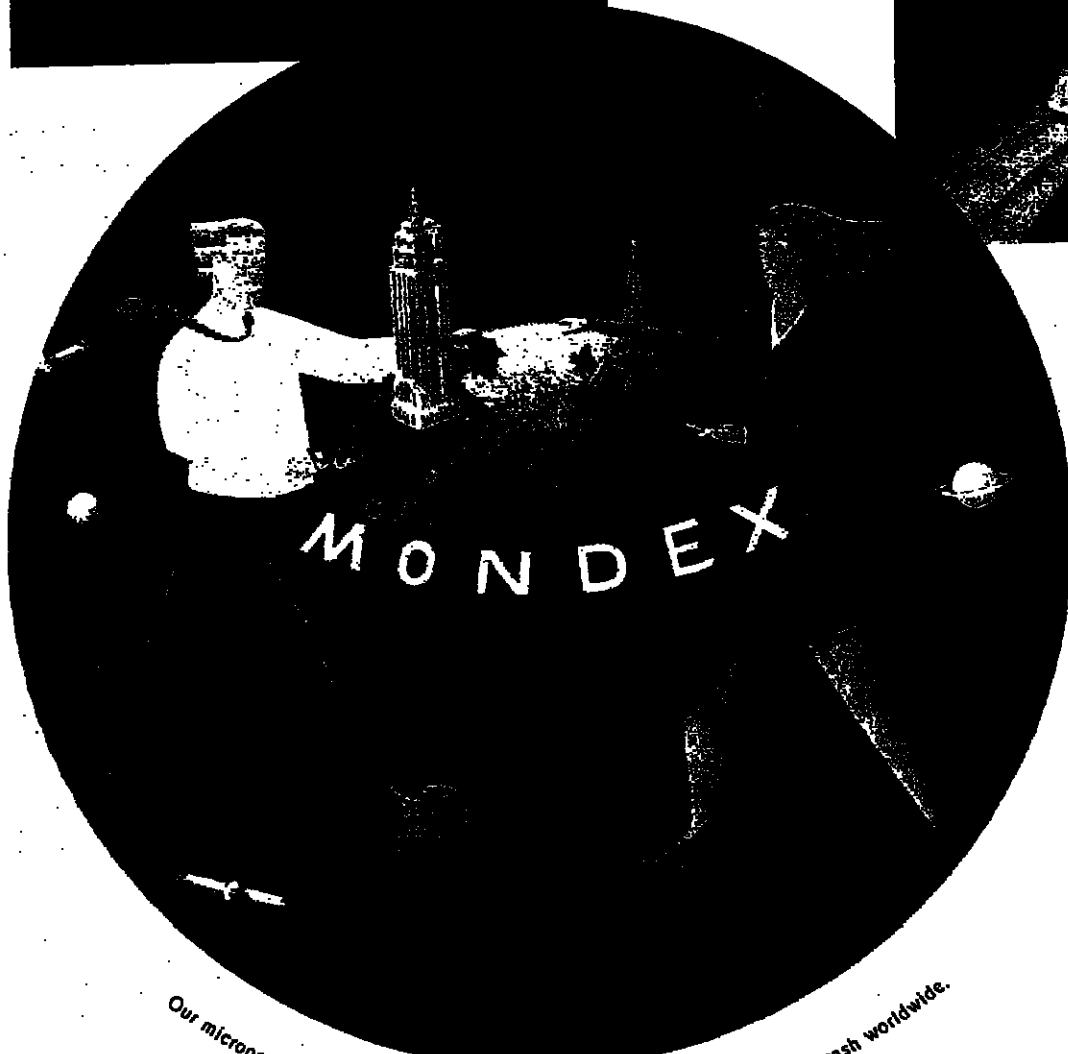
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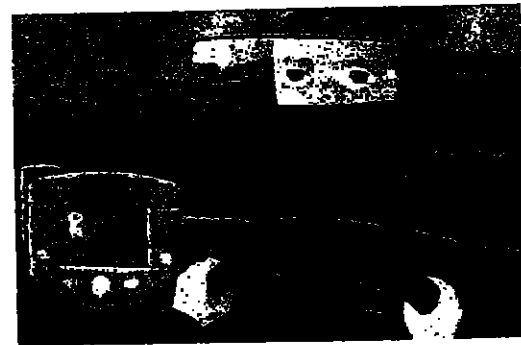
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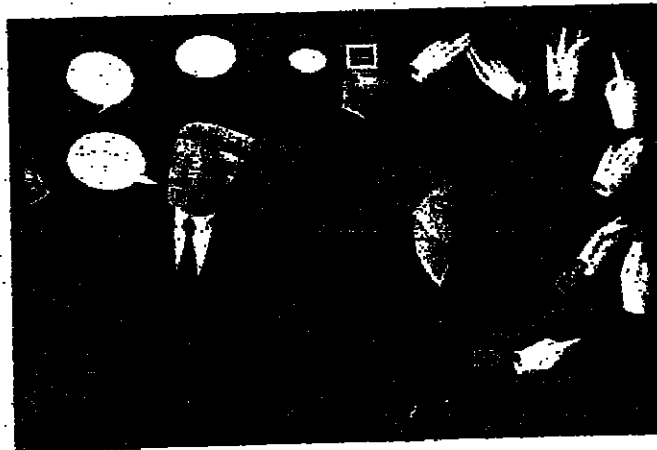
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## POLICING SADDAM

# France walks tightrope over Iraq

MARY DEJEVSKY  
Paris

France will continue to take part in allied air patrols of the original no-fly zone over southern Iraq, but will not patrol the extension of the zone declared by the United States earlier this week. The decision, contained in a French foreign-ministry statement issued after the departure from Paris of the US Secretary of State, Warren Christopher, means that France will maintain its involvement in the western alliance on existing terms and an open split between France and other members of the alliance has been averted.

However, the decision also allows France to remain publicly

**President Chirac is maintaining a delicate balancing act over US bombs**

aloof from the US cruise missile attacks on northern Iraq and the extension of the no-fly zone that accompanied them. While not actually condemning the US action, France has said that Baghdad was within its rights to deploy forces in the Kurdish area of northern Iraq and that any measures taken should be agreed by the United Nations. It has also insisted that Iraq's territorial integrity should be preserved.

When the Iraqi leader, Saddam Hussein, announced in response to the US attacks that Iraq would cease to observe the two UN-imposed no-fly zones in the north and south of the country, France made no comment. The clear distinction be-

tween France's view of the US raids and that of its major European allies, Britain and Germany, earned France inclusion in a special message of thanks sent by Saddam Hussein which also went to Russia and China.

The French foreign ministry statement was issued at the end of Mr Christopher's five-hour visit to Paris, sandwiched between meetings in London and Bonn. Although planned weeks before, the US Secretary of State's whistle-stop European tour assumed new significance after the raids on Iraq, and the visit to Paris became crucial.

France's agreement to continue patrolling the original no-fly zone, however, seems the least that Mr Christopher could have hoped for. US officials made no secret of the fact that they hoped France could be persuaded to support Washington's position. The French defence ministry had earlier confirmed that French planes had taken part in patrols over the southern no-fly zone since the US attacks, but had not gone north of the 32nd parallel. Washington extended the zone to the 33rd parallel. While France is being widely portrayed as hostile to the US action, and is doing nothing to counter that impression, its actual position may be more ambiguous. Mr Chirac himself has so far said nothing on the issue. He did, however, receive the US ambassador to France on Wednesday evening, Ms Pamela Harriman, as a prelude to Mr Christopher's visit.

Over the past few days there has been some discrepancy about how far France has acted on its apparent disapproval for US action. The foreign ministry on Tuesday initially said that French planes would not take part in further patrols of the no-fly zones. This was later corrected by Washington, and then corrected by the

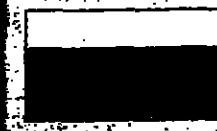
The Baghdad riddle: How the main Western powers have managed to make a mess over their policy towards Iraq



One consideration has always been paramount in America's relations with Saddam Hussein's Iraq - oil. Washington's basic goal has been to prevent one country (in practice Iran or Iraq) gaining control of Middle Eastern energy. Hence Washington's quiet support for Saddam when Iran gained the upper hand during the 1980-1988 Gulf war. Hence Washington's despatch of 500,000 troops to drive Saddam from Kuwait in 1991, and prevent him from striking south to Saudi Arabia. US reaction to Saddam's latest incursion merely proves the point. The rapidity has been in the south, doing nothing for the Kurds but making it harder for Iraq to attack the Arabian peninsula. The doctrine of 'dual containment' of Iraq and Iran has paradoxical consequences. The last thing the US wants is the dismemberment of Iraq and an independent Kurdistan. Washington's dream is for Saddam to be killed and replaced by a strong figure capable of holding the country together.



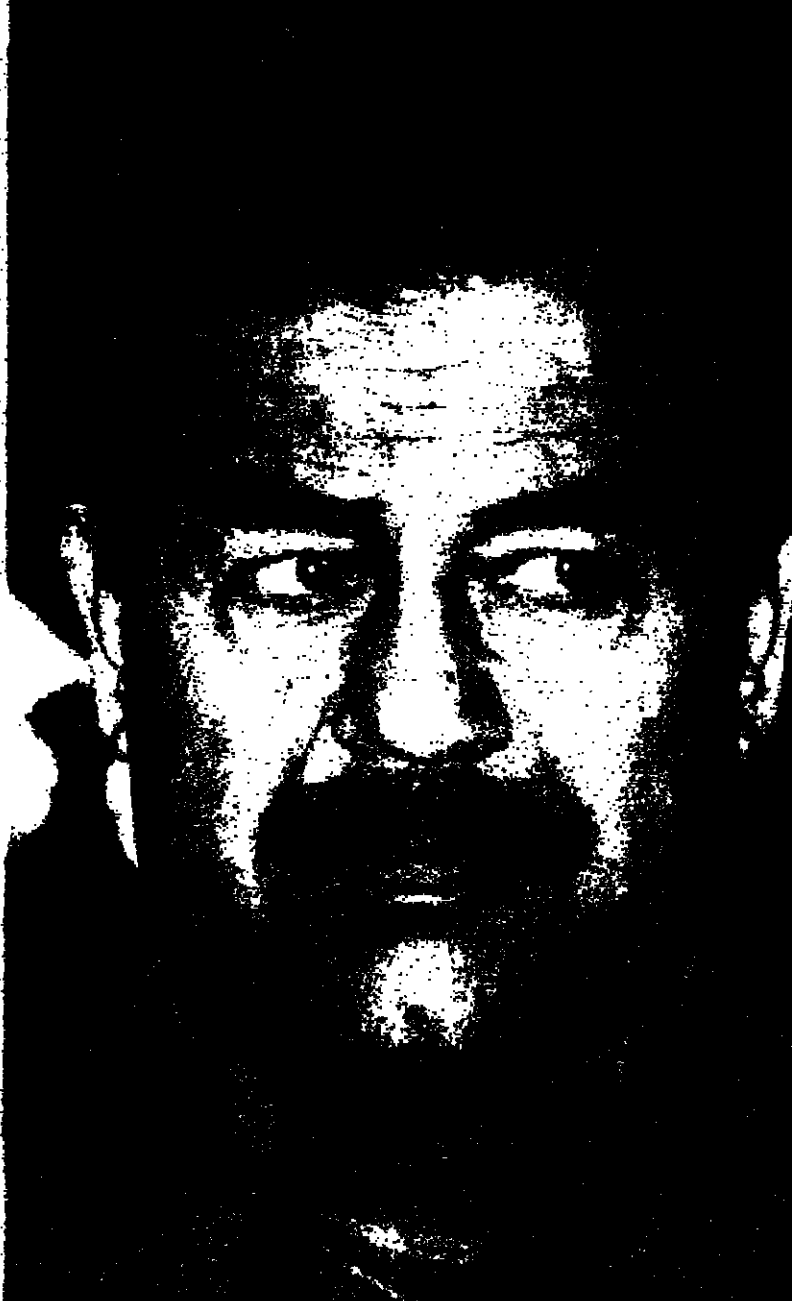
Britain invented Iraq. After the First World War, London and Paris carved up the former Turkish empire in the Middle East and Iraq became a kingdom administered by Britain under a mandate from the League of Nations. Washington had promised an independent Kurdistan but this was frustrated by London. The Mosul oil wells were in Kurdish territory and Britain wanted to place them under Iraqi (ie British) control. When the Kurdish tribes revolted in the 1920s, the RAF bombed them. Britain's direct role ended with the overthrow of the Hashemite dynasty - and expulsion of British administrators - in 1958. Fear of the Iranian mullahs led Margaret Thatcher's government to flout its own rules on arms shipments and covertly back Saddam in the 1980-88 Iran-Iraq war. During the 1990-1 Gulf crisis Britain became an enthusiastic member of the US-assembly alliance against Saddam. John Major's government was the most wholehearted backer of this week's US air raids.



There are plenty of reasons why Moscow is up in arms about the assault on Iraq, not least of which is big money. Russia is desperate to get its hands on \$7bn (£4.6bn) owed by Baghdad, but has no hope of doing so while sanctions remain in force. Russian companies have lost 20 cash in on joint ventures in Iraq's oil fields once the UN sanctions were lifted, and were jockeying for business. Last year Russia signed a contract to develop Iraq's gas and oil fields, but, under pressure from the US, the Kremlin agreed not to go ahead with the deal while sanctions were in force. But the relationship with Iraq dates back to Soviet times when Moscow was keen to counterbalance US influence in the Arab world. Some of Iraq's major industries were developed with the help of Soviet expertise. By coming up to the bat boys - Iran and Iraq - Russia is doing what it can to challenge the global supremacy of the US, restoring a small part of the bargaining power that it lost when the Soviet Union fell apart.



France has long cultivated both diplomatic and commercial relations with Iraq, which it regarded, at least until the invasion of Kuwait, as a friend in the region. It has lucrative arms contracts dating from the Seventies. French technical and financial assistance helped Iraq to build the Osirak nuclear reactor near Baghdad which was destroyed by Israel in 1981. France was the first member of the Western alliance to restore diplomatic relations with Iraq after the Gulf war. The election last year of President Jacques Chirac, committed to raising France's profile in traditional areas of French influence, including the Middle East, gave the incident reopening towards Iraq a further push. France considers that it 'understands' Arab countries in a way English-speaking countries, particularly the US, do not and has been keen to counter what it sees as Washington's monopoly of influence in the Middle East. A delegation of French businessmen, supported by ministerial officials, visited Iraq in April.



## Clinton basks in the afterglow of attack

Political bonus for President, writes Rupert Cornwell

America's most wanted, and the retaliatory strikes have seen the public rallying to the President, in his role as commander-in-chief. At least three-quarters of the populace approve of the reprisals. Somewhat more surprising, Mr Clinton, Vietnam draft-evader and, not a man known for his military prowess, is judged more capable than his Republican opponent, Bob Dole, the respected Second World War hero, of handling the crisis in the Gulf.

For the moment indeed, Saddam has been an unqualified political bonus for Mr Clinton. With one lunge into Kurdish northern Iraq, he has helped banish the President's image of "weak leadership" on matters of foreign policy. He has comprehensively driven Mr Dole from the news, except to the extent the Republican throws his

support behind White House handling of the Iraqi crisis. Last but not least, as some of Mr Clinton's aides privately acknowledge, Saddam's return to the front pages has thrown a veil over the embarrassing story of Dick Morris, the President's disgraced ex-political consultant, and his cavorting with a Washington prostitute. Foreign policy may not be much of an issue in the 1996 election, but if the President holds a 20-point lead or more in the polls, Saddam is surely one of the smaller reasons.

Look a little further ahead however, and the picture changes. The election is still two months off, and nothing is more fickle than American public opinion. If the skirmishing drags on, if Mr Clinton is forced to escalate his response, if a major civilian target is hit

or, worst of all, American lives are lost, then the mood may change. Already some in the Republican-led Congress are starting to grumble, about the lack of prior consultation on the part of Mr Clinton, and his inability to resurrect the 1990/91 Gulf war coalition assembled by George Bush.

Not least this is a crisis built on an American diplomatic failure - the collapse of the fragile alliance between the Kurdish factions that had been the centrepiece of US efforts to keep Saddam from rebuilding his influence in the north. With the appeal of the Kurdistan Democratic Party for help from Baghdad the gate was open. With cruise missiles roaring forth from US ships and bombers, this aspect of the crisis has been overlooked, but perhaps not for much longer.

The greatest difficulty for Mr Clinton however will arise if Iraq continues to needle him. The destruction of command and control targets in the South may make Kuwait and Saudi Arabia sleep more soundly at night, and let off a little of Washington's frustrations. But it hardly addresses the problem of the Kurds.

Saddam almost certainly sees himself as a net winner of the first round, a much strengthened position in the north in exchange for the loss of air defence installations in the south. Accordingly he may choose to ratchet up the pressure, obliging Mr Clinton to order stronger action to maintain the credibility of both his own and his country's leadership. By then, however, international support could have waned even further and the Republicans might have taken the gloves off - reducing his Saddam-induced glow in the public mind to a memory.

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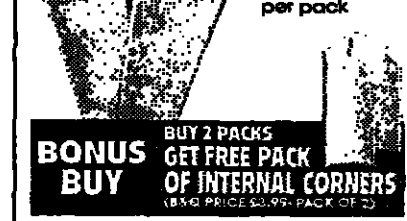
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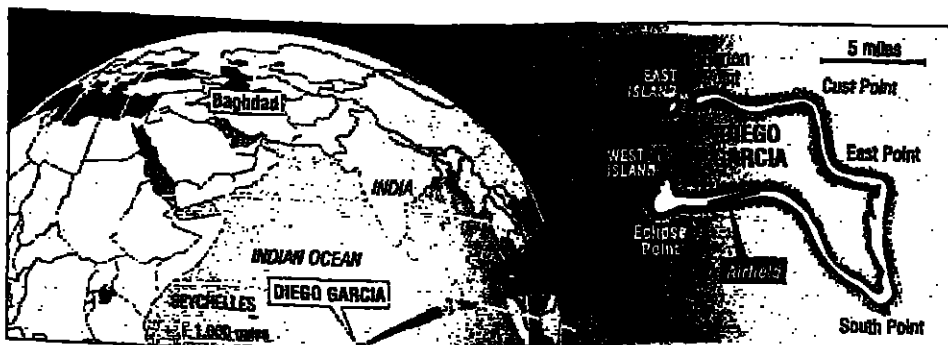
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# POLICING SADDAM

## Tropical outpost that let the B-52s strike



The US attacks on Iraq have reminded the world of the strategic importance of a remote British island in the middle of the Indian Ocean. The massive B-52 bombers which joined in the missile strikes flew via Diego Garcia, a US Navy base with a 12,000ft runway on a British tropical island.

### Christopher Bellamy on a British atoll's strategic value

...ties, policies and action" are involved.

With the British Government the only one in the world to express whole-hearted support for the US attacks on southern Iraq, that agreement was not in doubt, but the US consulted Britain anyway, if only out of politeness.

"In no way is it leased to the Americans," the Foreign Office said yesterday. "By bilateral agreement we own and administer the island. The US have a military installation there. The US authorities consult us in advance through the normal diplomatic channels about using the defence facilities."

The British presence consists of 30 Royal Navy and Royal Marine personnel. Some 900 US personnel are based on the island, along with five ships loaded with equipment for a US marine expeditionary brigade. The brigade, 15,000-strong, would fly in and leave on the ships ready to sail to any near-by trouble-spots, probably in Africa or the Middle East.

Diplomatic sources say the facility is "a means of maintaining peace and stability in the region and of protecting vital western interests and trade routes, including the supply of oil from the Gulf". It played a crucial part in the Gulf crisis in 1990-91 and in the UN intervention in Somalia in 1992.

Like all American air bases, wherever they may be, the fa-



Paradise post: Diego Garcia, the British atoll and US base used to refuel B-52s returning from Iraq. Photograph: US Department of Defense/Corbis

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## Isolated PUK turns to Iran for weapons

Sulaymaniya, Iraq (Reuters) — The Kurdish militia leader Jalal Talabani, claiming that he faced renewed attack by Iraq and a rival Kurd faction, said yesterday he was ready to seek Iranian help.

"We will call support from any country which is ready to help us - from Iran, Syria or Turkey," he said in his stronghold in northern Iraq.

Iraq and the Kurdistan Democratic Party (KDP) have accused Iran of sending troops into northern Iraq to help Mr Talabani's Patriotic Union of Kurdistan (PUK). Mr Talabani said he had "unfortunately not" received arms and support from Iran.

"There is no possibility for peace now in this area," Mr Talabani said in Sulaymaniya, 70 miles from the Iranian border. He added that Iraqi armoured cars and tanks launched a new attack from the south aided by KDP troops. Chanchamal had been bombed the last two days by tanks and artillery and Sulaymaniya would be next.

In Washington, officials said they saw no evidence of any Iraqi fighting or troop build-up to threaten Sulaymaniya.

Saddam Hussein's troops, backing the KDP, on Saturday chased Mr Talabani's guerrillas from the northern Iraqi re-

gional capital of Arbil, prompting the US retaliation this week.

Mr Talabani said the PUK had informed the United States of Iraq's plans, and accused Washington of being too slow off the mark.

"They were afraid of the Republican Guards," Mr Talabani said. "The Republican Guards would make a bigger attack and too much blood will fall." Washington, while disliking Saddam, was afraid of an uprising in Iraq, and preferred to wait for a "slow and calm" change of administration.

Mr Talabani said his forces were better prepared in Sulaymaniya and in a stronger position because the town was protected by mountains. Arbil lies on flat, bare land.

"But without the help of the US and [allied] forces, it is not easy to stop them," he said.

The US has proposed that the KDP and the PUK resume peace talks aborted in London with the attack on Arbil.

The KDP leader, Massoud Barzani has welcomed a resumption of talks, but Mr Talabani has ruled it out.

"Barzani is an agent of Saddam," Mr Talabani said. "So why should we talk to him? We will talk to his master if anything... And we are not ready to talk to Saddam, he is a butcher."

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## international

## Bihac feels menace of imam's knock

Andrew Gumbel reports on the sinister tactics being used on Muslims in the run up to elections

The war may be over and the threat from besieging Serb forces a receding memory, but plenty of Muslims living in the Bihac pocket in north-western Bosnia still have reason to fear a knock on the door. These days the unwelcome visitor is not likely to be a thug threatening violence or expulsion, but rather the imam from the local mosque.

Hundreds of people suspected of disloyalty towards the ruling Muslim nationalist party, the SDA, have been visited by their local clerics, sometimes accompanied by agents of Bosnia's internal security service, in the run-up to the elections on 14 September.

The questions are delivered in a friendly manner but every one is laden with menace. How is the family? How are you managing to rebuild your life? You wouldn't want to do anything unwise and jeopardise all that, would you? "The message is quite clear. We know who you are and if you step out of line you might just get shot in the head," said one western official who has heard several stories of this kind.

In many respects, the election campaign in the Bihac pocket looks like the continuation of war by other means. The Muslim-dominated area suffered a double trauma during the fighting: not only a long, debilitating siege by the Serbs, but also an internal conflict between the government's Fifth Army and a renegade force led by a local potentate, Fikret Abdic, who had ambitions to make the area autonomous.

Mr Abdic has taken refuge in Croatia but many of the men who fought for him have tried to resume their former lives. Many were given "welcome beatings" when they returned to the area, according to human-rights monitors, and have found it almost impossible to get work. Mr Abdic's party, the DNZ, has put up candidates for the elections but has been unable to campaign openly for fear of violence.

Such tensions have poisoned the electoral process. The other opposition parties in the area say their supporters too

have been thrown out of jobs and harassed by a ruling party apparently determined to control every aspect of public life. Their posters have been systematically ripped down and ordinary citizens are too scared to display them in their windows.

"The SDA is trying to make us all out to be Abdic supporters. One of their election slogans reads 'Vote for us, not for the enemies of Bosnia'," said Ibrahim Topic, a candidate for the Social Democrat Party who lost his job as a teacher-trainer nearly three years ago and has been excluded from employment since.

In the first three weeks of last month, armed gangs roving the streets after the curfew hour of 11pm launched 28 bomb attacks against opposition figures, bringing the climate, in the words of an election official from the Organisation for Security and Co-operation in Europe, to "the verge of civil war". The SDA-controlled police, who are supposed to enforce the curfew, appear to have seen nothing.

The attacks have become much less frequent since Carl Bildt and other senior international mediators visited the area late last month and urged local SDA leaders to restore order for the sake of their own reputation. Opposition campaigning has resumed, albeit with the help of heavy protection by local and international police. But the climate of intimidation has persisted.

The role of the Islamic clergy is particularly striking. There are SDA posters outside many mosques, especially in the countryside, and imams are constantly making pitches in favour of the ruling party in people's houses, at public meetings and even, according to some international observers, during religious ceremonies. Many are SDA members, seeing no conflict of interest between their religious and political roles.

"The Serbs may have destroyed our mosques but they created thousands of them in our people's hearts," said Džemal Ljubijankić, imam in the village of Liskovac. "The SDA is the only party not ashamed of



Mask of unity: A child at a rally for the Bosnian Muslim nationalists in Bihac, where opponents face violence and intimidation. Photograph: AP

its religion and nationality."

The religious tolerance that the SDA espouses towards Catholic Croats and Orthodox Serbs does not seem to apply to its own people. So strongly has institutionalised Islam become associated with the ruling party that many people who are not naturally religious have started attending mosques to protect themselves and their families. Imams like Mr Ljubijankić tell them that the opposition parties are pro-Abdic or pro-communist groups who want to suppress free expression of religious faith, and that the bomb attacks are merely struggles between rival gangs of wartime smugglers.

According to international observers and opposition groups, imams in rural areas have spread rumours that voting will not be secret – so any-

one daring to vote for the opposition will be found out. "To make sure everyone votes just once, the election monitors plan to mark people who have cast their ballot with an invisible ink that shows up under a light sensor," Mr Topic said.

"But the imams have distorted this, saying that people are going to have their fingerprints taken like suspected criminals. In the countryside, where people are not educated and in many cases not even literate, these stories are believed."

Not everyone in the Islamic community approves of this manipulation of religion for political reasons. But dissenting imams are too scared to speak up. "If I could change anything, I would try to make what the price," said one, who did not wish to be identified. "But for the moment it is useless."

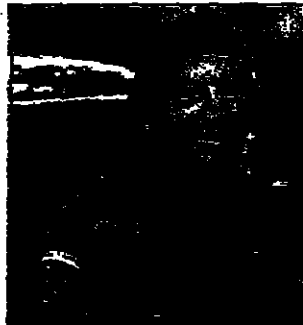
## Bosnian war criminal suspect funded by West

TONY BARBER  
Europe Editor

Drive through the Drina valley in eastern Bosnia and you will see election campaign posters plastered with images of one of the most fearsome Serb paramilitary commanders of the 1991-95 Yugoslav wars. His name is Zeljko Raznjatovic, but he is better known by his *nom de guerre* of Arkan.

Arkan was identified in 1992 by the US State Department as a suspected war criminal, alleged to be responsible for massacres of Croat and Muslim civilians in Croatia and Bosnia. It therefore comes as a surprise to learn that a political party led by Arkan has qualified for up to £130,000 in Western-supplied campaign funds for Bosnia's first post-war elections.

The Party of Serb Unity is entitled to receive the money from the Organisation for Security and Co-operation in Europe (OSCE), the international body supervising the elections on 14 September. The fact that Arkan's candidates are openly advocating the unification of the



Arkan: backs Serb unification

Serb-held region of Bosnia with Serbia itself – in direct contradiction of last year's Dayton peace settlement – has not prompted the OSCE to deny Arkan's party the money.

Jean Ouellet, an OSCE official involved in preparing the elections, said: "The political campaign funding is basically for all political parties to get their message across. We may not like some of them, but we cannot censor them."

For Bosnian Muslim politicians and for United Nations officials based in former Yugoslavia who

are familiar with Arkan's war record, this is a shameful and inadequate response. They point out that, even before the Yugoslav wars broke out, Arkan was on Interpol's wanted list as a bank robber.

Some argue that Arkan, whose career interests are known to have extended in recent years from brutal "ethnic cleansing" in the Drina Valley to lucrative black market dealings in petrol in Belgrade, should be treated as a criminal suspect rather than as a politician.

OSCE officials, and Western diplomats, note that the UN War Crimes Tribunal in The Hague has not yet formally indicted Arkan as a war criminal – and may never do so. Moreover, Arkan, a native of Serbia, is not attempting to break the Dayton agreement by personally running for office in the Bosnian elections.

Nevertheless, the fact that Arkan's openly Serbian expansionist party has been deemed to be entitled to official campaign money seems likely to knock a big dent into the credibility of the elections.

## Juppé cuts taxes to boost French morale

MARY DEJEVSKY  
Paris

France was last night due to announce tax reforms aimed at making its highly complex system simpler, fairer and less burdensome for the low-paid.

The French Prime Minister, Alain Juppé, went on national television last night to present the outline of a long-awaited plan, which will put up to 25bn francs back into French pockets from 1997. It also has the wider aim of improving national morale and increasing the depressed purchasing power of French consumers in the hope of fostering economic growth and fending off incipient labour unrest this autumn.

The reform, which will take effect over five years (1997-2002), will increase the standard at which tax becomes payable and lift up to two million more people out of the tax net. It will also cut the top rate of tax which, at 56.8 per cent, French officials recognise as driving some of the country's most enterprising individuals abroad. The wealth tax will remain.

The value of this tax concessions is forecast to reach 77.5bn by the time the reform is completed, with the cost being partly recouped by an increase in taxes on petrol, alcohol and cigarettes.

Although Mr Juppé went to unusual lengths to ensure a favourable reception for the reform – presenting it in advance to a clutch of ex-prime ministers, senior parliamentarians and selected French journalists – the early response was grudging. Many commentators said that the amount being given back to the taxpayer (an average of Fr1,780, or £223) was considerably less than what was taken away by the Juppé government in its first year in office. The 2 per cent rise in VAT just over a year ago – to 20 per cent – has been a particular bone of contention and is not affected by the measures.

The total effect of the reform on purchasing power – and thus on economic growth – may also be less than Mr Juppé would like taxpayers to believe. The tax burden in France is relatively low. It is not tax, but the equivalent of national insurance contributions, that has hit French employees hardest.

Many people in the professions and old nationalised industries, could find their income tax bill rises after the reform. The rationalisation proposed by Mr Juppé includes removing a wide assortment of tax breaks peculiar to individual groups. The battle with these powerful factions is only just beginning.

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## Nato anger at Serbs as shots fired

Sarajevo (Reuters) — Nato issued a stern warning to Bosnian Serb leaders yesterday after a British Army patrol was forced to fire into the air to disperse a hostile crowd in Serb territory.

"Yesterday the soldiers chose to fire a warning shot. The next time the consequences could be fatal," US Admiral Joseph Lopez, commander of the Nato-led peace force (I-For) in Bosnia, said. "Our troops will do what is necessary... if they are required to protect the lives of other I-For troops."

A British patrol was escorting two Serb police armoured vehicles in the North-west town of Banja Luka on Wednesday when they discovered unauthorised vehicles and weapons in the convoy, including an anti-aircraft gun and a rocket launcher, Nato spokesmen said.

As the 10-member patrol confiscated the weapons and vehicles, an angry crowd of some 200 civilians surrounded the British soldiers, said Nato spokesman Major Brett Boudreau. When civilians tried to overturn one of the patrol's Land-Rovers, the senior soldier, a sergeant, fired a warning shot into the air, dispersing the crowd, he said.

The British patrol drove on but when they stopped to regroup they were surrounded again by a mob and Serb police cars. To defuse the tension the confiscated weapons were taken by the British to a Bosnian Serb army barracks. Later they were taken to the I-For base on the outskirts of Banja Luka.

Admiral Lopez said the incident showed "dangerous and irresponsible behaviour" by Bosnian Serb police, and praised the British patrol for exercising restraint.

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Kremlin in crisis: Rivals jostle to take the reins of power while Russia faces months without its recuperating President

# Charade over as sick Yeltsin comes clean

PHIL REEVES  
Moscow

Few rumours can have been so persistently published, and so repeatedly denied. For weeks reports have circulated that Boris Yeltsin is again suffering from heart illness. And for weeks his aides have ducked and dived, saying he was beavering away at his papers and suffering from nothing more sinister than extreme weariness. Every now and then, he was paraded, briefly and woodenly, on television.

Yesterday, the charade was finally called off. Mr Yeltsin's announcement that he needs heart surgery confirmed what the rest of the world has long suspected - that Russia has just re-elected a sick man as its president who is unlikely to be in a position to govern for months to come.

His admission was unprecedented in a country whose previous leaders were generally about as willing to reveal their ailments as they were to discuss their deepest nuclear secrets. "I want to have a society based on truth here," he told a television interviewer. "That means no longer hiding what we used to hide."

lished "something wrong" with his heart; he was given the choice of an operation, or to work "passively". He chose the former, and will be operated on in Moscow at the end of the month. The main surprise was not what he was saying, but that he was at last coming clean.

The first sign that he was in trouble came after the first round of the presidential election in June. For weeks, he had fought a high-octane campaign, racing around the country trying to win a second term.

His handlers fought hard to convince Russia that he was in fine fettle despite his record of heart problems and drinking, and his age - 65. Choreographed stunts were laid on for the television cameras; he was shown dancing a country jig, rocking at a pop concert, going down an Arctic coal mine - the picture of vibrant good health.

The strategy worked, even though Mr Yeltsin's health had clearly broken down by the election's second and final round on 3 July. Five days earlier he suddenly disappeared from view, cancelling final campaign appearances because of what his aides, ludicrously, claimed was a "sore throat".

The mass media, which was

overwhelmingly pro-Yeltsin, made little mention of his illness because of the risk it would jeopardise his chances. But when he appeared on television two days before the poll he looked decidedly unwell. On election day, he chose to cast his vote at a country retreat.

In the two-and-a-half months since his victory, he has been mostly out of view. At his few public appearances - including a drastically shortened 45-second inauguration speech on 9 August - he has looked stiff and spoken slowly. Report after report was published claiming he was ill (including one saying he was dead). But his aides insisted it was nothing more than exhaustion.

Few believed them, not least because Mr Yeltsin chose to remain secluded in a country hunting lodge while two huge political issues were playing out - Alexander Lebed's peace mission in Chechnya, and the US bombing of Iraq.

Mr Yeltsin's heart problems date back at least six years, but his worst bouts began last summer, towards the end of a five-year stint in office which had clearly taken its toll. On 10 July, he was taken to hospital suffering from ischaemia - a restriction of the blood flow to the

heart. He took seven weeks to recover, only to be rushed to hospital again in October. Weeks elapsed before he was back to full strength.

Apart from serving as a reminder not to believe the President's aides, yesterday's announcement raises many questions. What kind of heart operation will he have? And who will run the country in the weeks, or even months, which it will take him to recover?

The Russian constitution, adopted in December 1993, states that if the president is incapacitated his job passes temporarily to the prime minister, currently Viktor Chernomyrdin. But the evidence of the past few weeks does not bode well. The top men in the Kremlin - Mr Lebed, Mr Chernomyrdin and Anatoly Chubais, Mr Yeltsin's chief of staff - are jostling for power, creating confusion at the heart of the government.

Mr Yeltsin finally gave his backing to his envoy Alexander Lebed's peace deal in Chechnya, although he opposed the key point of rapid withdrawal of the Russian military. Mr Lebed was in Chechnya yesterday for another round of talks with the Chechen separatist chief-of-staff, Aslan Maskhadov.



Staged appearance: Choreographed stunts were laid on for television cameras to show Mr Yeltsin in 'fine fettle'



Going native: Alexander Lebed in Caucasus garb after concluding the Chechen peace treaty details yesterday

## A nation sighs in relief as Steffi absolved of tax fraud



Steffi Graf and father Peter, who is on trial for fraud

IMRE KARACS  
Bonn

The pristine heroine whose good reputation has been besmirched by a greedy father did not grace this particular court. Steffi Graf was absent on the opening day of "Germany's most spectacular trial" in Mannheim, and she intends to stay away till the end.

She has so far escaped blame for the financial transactions that swindled the German tax authorities out of DM19.7m (£8.6m), so the mobs baying for blood outside the courtroom had to make do with Peter Graf, publicly condemned as a

in preventive custody. Sitting beside him on the defendants' bench was Joachim Eckardt, the tax expert accused of dreaming up Graf's dodgy schemes.

Mr Graf claimed, he had blindly trusted his advisers, and did not comprehend the nature of his transactions.

An unlikely story, according to the authorities. Mr Graf had personally negotiated cash deals with sponsors, delivering some of the sackfuls of money himself to foreign destinations.

Harder to refute is Mr Graf's assertion that the authorities had been investigating the flight of the tennis millions as early as 1988, and instead of issuing a warning, had deliberately given the defendant more rope to hang himself.

Even more contentious is his assertion that he had negotiated a special tax rate with "people in high places". In 1993 Mr Graf threatened to move Steffi's official place of residence abroad, following the trail of a galaxy of German stars.

Following negotiations with the tax authorities of Baden-Württemberg, the Grafs' home Land, some sort of an understanding appears to have been reached, the nature of which will be probed in the four months that the trial is expected to last.

Another line of defence is Mr Graf's state of mind during those glory days. Flush with money, Steffi's father took to the low life, hitching up with a prostitute in Spain who falsely accused him of fathering her child.

The scandal strained relations between father and daughter, which in turn drove Mr Graf to drugs and alcohol. He claims to have been too depressed to pay enough attention to Steffi's tax affairs.

He is now reported to be a cured man - thanks to his time in prison - but his dominance over the life of his daughter has been ruptured. Steffi now manages her own business affairs, has built a new life around new friends, and is back to her winning ways. The contrast between the fates of father and daughter, intertwined for so long, could not be greater.

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'Special rate was negotiated with people in high places' - Peter Graf

fraud even before the prosecutor read the opening statement. Mr Graf, erstwhile second-hand car dealer who struck it rich with his talented daughter, makes a convincing scapegoat. A depressive drunk who consumed a bottle of schnapps a day and handfuls of valium, he was willingly accepted the role of national scapegoat in the hope that his beloved daughter can carry on winning grand slams.

"Steffi was not in any way bothered with tax affairs," he told the court, to the relief of the nation. Mr Graf look tanned, relaxed and smiled a great deal as he delivered an hour-long mea culpa.

He is accused of funneling Steffi's earnings to letter-box companies in the Netherlands and bank accounts in the Dutch Antilles and Liechtenstein in a blatant attempt to evade German tax.

He has already been convicted by the media, and if he is also found guilty by the court he can look forward to between five and 10 years in jail. He has already done 13 months

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## international

## SIGNIFICANT SHORTS

**Nothing in America pays off like scandal:** just ask Dick Morris. Already the fallen ace political consultant of Bill Clinton, who allowed a prostitute to listen in on conversations with the President, has featured on two successive weekly covers of *Time* magazine – a feat only managed in post-war history by OJ Simpson. Now he has signed a book contract to tell how he masterminded Mr Clinton's return from the political dead (and doubtless how he cavorted with Sherry Rowlands in a Washington hotel while doing so).

The deal was clinched during a meeting on Wednesday with Harry Evans, publisher of *Random House*. "The Job to No Job," the jibe had run of Morris among his enemies in the White House and beyond. Now he is back in gainful employment. "Dick had been contemplating writing a book for many years," his agent said, "but he never had the time. Now he has." *Rupert Cornwell – Washington*

**Yasser Arafat, the Palestinian President,** said that his landmark meeting with the Israeli Prime Minister Benjamin Netanyahu was positive but that the issue of Jerusalem would either make or break Middle East peace.

The Israeli Foreign Minister, David Levy, who was also in Rome but did not meet Arafat, said the Jewish state would continue the peace process while safeguarding its own security. In his speech at Rome's city hall, Arafat took a firm stand on Jerusalem, saying the issue of its status "could either make the peace process fall or become a symbol of co-existence and harmony between Muslims, Christians and Jews." *Reuters – Rome*

**Russia's expulsion of a Swedish businessman** arrested for spying has prompted the Prime Minister, Goeran Persson, to call emergency meeting of political leaders. The arrest reportedly also led to the recall of Sweden's espionage chief in Moscow.

The businessman, identified in Swedish news media as 32-year-old Peter Nordstrom, was expelled from Russia shortly after he was caught buying a doll stuffed with film of classified documents on 23 February in St Petersburg. *AP – Stockholm*

**Malawi's most powerful opposition leader** was freed on bail of \$1,300 (£844) after being charged with plotting to kill three cabinet ministers last year, officials said. John Tembo is second only to the country's frail former president Kamuzu Banda in the Malawi Congress Party (MCP). Mr Tembo and his niece, Mr Banda's companion Cecilia Kadzamba, who also faces a charge of plotting the murders, are alleged to have hired four men to carry out the assassinations. *Reuters – Blantyre*

**Madagascar's President** announced his resignation after the High Constitutional Court upheld a move by parliament to oust him. President Albert Zafy said he would step down on 10 October. It was not immediately clear what caused the court to support the National Assembly. No date was set for a new presidential election, but it said Prime Minister Norbert Ratsirahonana would serve as chief executive in the interim. *AP – Antananarivo*

**One thousand teachers** were little or nothing as they walked through New Delhi on Teachers' Day to protest that they had not been paid for years. Naked, or in loin cloths, the teachers, all men from India's north-eastern state of Bihar, planned to march to the Indian Parliament and the President's residence but were stopped by police. The missing pay has affected about 200,000 teachers, the group said, and those teachers are forced to tutor to make ends meet. *AP – New Delhi*

# Ghosts of war haunt the line where a journey may once have been your last



Working on the railway: A labourer unloading goods from a train on the Beira Corridor line which links Mozambique to Zimbabwe

Photograph: Gideon Mendel

The train to Zimbabwe is helping revive Mozambique's ravaged economy, writes **Mary Braid**



RIDING THE IRON ROAD

In the bad old days of the bush war between Mozambique's Frelimo government and the dreaded, South-African backed Renamo guerrillas, the day-long train trip from the port of Beira to Mutare (formerly Umtali), just inside the Zimbabwean border, required the protection of 9,000 Zimbabwean troops.

The foreign force patrolled every mile of the line, routing Renamo saboteurs. Guns clutched ready, its soldiers also rode in the carriages, a reassuring presence for those who still braved the line.

Four years of peace make a

difference. Today, as we pull out from Beira station – an enormous, soulless building left behind by the Portuguese – and chug across the endless miles of mangrove, the only would-be terrorists are tiny boys who run from villages of thatched huts to level imaginary machine-guns and spears at the passing train.

With the 16-year civil war over, the track, which was laid a century ago by the British to link land-locked Rhodesia to the sea, is no longer a military target. Once again it carries the hope of prosperity. This time Mozambicans – not their colonisers – may gain.

The Beira Corridor project is almost complete and aims to revive the fortunes of the line, the port and the region. The war left Mozambique bankrupt and wholly dependent on foreign aid, with Beira and its hinterland particularly badly hit. European donors have financed the dredging of the harbour, the overhaul of the dilapidated port and the building of an oil terminal. Beira, with bags of spare capacity, is now struggling to lure trade from Durban and lucrative Zimbabwean freight.

Progress is slow. Passengers are delighted with investment in the line, and travel to and from inland villages to buy fresh produce which then finds its way back to market.

Some travel all the way to the border to buy cheap Zimbabwean sugar and butter which they sell at a profit at home.

Peace means the journey is taken with a lighter heart. But in the packed, chocolate brown carriages used since the days of the Portuguese, war still haunts the psyche.

The locals gossip about a famous female Renamo guerrilla leader, made immune to bullets by a traditional healer. Before leading her men into battle she would strip naked and her troops would take turns to crawl through her legs. This ritual

"At night you can still hear people talking and the train moves," he says. I laugh, convinced he is joking. He shakes his head gravely. "Maria you should believe. Such things happen here."

From the start the line took lives. When it was laid, hundreds died from dysentery, malaria and attacks by wild animals.

Today Joaquim Lucio, 45, is a passenger. But for 20 years he has driven trains from Beira to Zimbabwe. Before it was defended by Zimbabwean troops, he remembers the line was a target for Smith's Rhodesians

kidnap you to stop you operating the trains. That happened to some friends. Five of them died.

And he remembers the time before the war when the white Rhodesians came down to Beira in their thousands to lie on the beaches, eat the famous prawns and have sex with the prostitutes.

But Mr Lucio never took the Rhodesians to the coast. "Only while Portuguese engine drivers were allowed to work on those trains," he says. "They said that we Mozambicans lacked skills but even the ticket collectors had to be white."

The Portuguese bought the line in 1949 and showered luxuries such as fridges and stoves upon train drivers. The trains ran twice the speed they can today, for the track and rolling stock were in good repair. Today carriages are filled to bursting and people spill over into corridors; poor tracks make journeys tortuously slow.

There is much for a train enthusiast like Mr Lucio to miss as Beira struggles to rise from the ashes. But not the arrogance of the British and Portuguese. "When the Portuguese left they said the trains would soon stop running and that we Mozambicans would never manage on our own," he says. "Well they went and we managed and the trains are still run today."

**'His hair stood on end and his blood raced. The medicine man was all there was left to turn to'**

apparently spread her invincibility. That peasants still believe in the power of medicine men is not surprising.

One man whispers that their magic is so potent they can make a woman menstruate for a solid 12 months. But the carriage's urban professionals are believers too. A hush falls over the carriage as a teacher, a devout Muslim, talks of a terrorist attack in which carriages were derailed and passengers killed. The carriages, he says, still lie by the track.

regime. When Renamo stepped in as chief saboteurs every journey Mr Lucio made might have been his last. At certain points, he tells fellow passengers, his hair stood on end and the blood raced. The medicine man was about all there was left to turn to. If Renamo did not get you, the government surely would. "You were scared even to be sick," he says. "If you had to stay off work Frelimo would think you were a Renamo supporter and come and take you to jail."

Then there was always a chance that Renamo would ...

## Fran unleashes fury on US

RUPERT CORNWELL  
Washington

Hurricane Fran, shaping up to be the most devastating storm to hit the United States' eastern seaboard in four years, last night unleashed its fury against the coast of the Carolinas. US authorities are bracing themselves for a damages bill running into billions of dollars.

The one piece of good news was that the South Carolina city of Charleston, a jewel of the old South battered by hurricane Hugo in September 1989, seemed likely to avoid a direct hit. But although Fran was forecast

of 120mph, is slightly less powerful. But as the storm approached land, hurricane force winds of 75mph or more extended 145 miles from the eye of the storm. Forecasters predicted that areas 100 miles inland could suffer its full impact, as it continued its north-western path to the mainland.

Shores in Fran's path were all but deserted last night. Almost

half a million people have been ordered to evacuate by South Carolina's Governor, David Beasley. Those who have chosen to stay have boarded up windows and doors, but even that may not be protection against an ocean surge that could send a 12ft wall of water crashing into coastal buildings.

Fran is but a symptom of a deeper worry among US cli-

matologists, that global climate change may be increasing the number and intensity of Atlantic tropical cyclones.

A system qualifies for a name when the winds reach tropical storm strength of 37 mph; when they reach 75mph, it becomes a hurricane. Eleven storms have been forecast between June and October this year, eight developing into hurricanes.



Storm force: Hurricane Fran developing off US

to come ashore some 100 miles to the north, at the resort of Myrtle Beach, it appears to be scarcely less fearsome.

With its 130 mph winds, flooding rains and massive sea surge, Hugo killed 27 people, destroyed 17,000 homes and caused \$8bn of damage – \$2bn in Charleston alone. Of recent hurricanes, only Andrew, which devastated the southern tip of Florida in August 1992 to the tune of \$20bn, was worse.

Fran, clocked at a maximum

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# After the bombing, the West's muddle remains

There is something intrinsically absurd about hurling million-dollar, computer-packed missiles at Iraq – each worth the annual average income of 400 Iraqis. On the other hand, the more strident and sanctimonious criticisms of President Clinton's decision to send in the Tomahawks – that these were purely electoral air raids and therefore immoral – miss the point. Bombing Iraq may well be an electoral windfall for Bill Clinton, but the logic of US, and Western, policy would have demanded a response of this kind at any time in the past five years. At least, this time around, Washington – but not the British government – has spared us the moralising and tendentious justification that this is all about helping the Kurds.

Of course it is not. It is about looking after our own vital interests in the region; first and foremost ensuring that access to oil is controlled by regimes which are stable and on our side. More specifically, it is about maintaining (with the vaguely legal backing of various UN resolutions) the heavy chains placed on Saddam Hussein in 1991 after the Gulf war allies balked at the military and political cost of eliminating him.

Within the limited confines of this policy, once Saddam had sent his tanks into the autonomous Kurdish zone, President Clinton had no choice. Sending in the cruise missiles was a

statement to Saddam that the US was as determined as ever to slap him down. This is a limited statement and solves nothing in the longer term; but it is not a wholly empty statement. Doing nothing would also have been a statement and one which Saddam, on past form, would have read all too eagerly.

Of course, the Clinton administration might have done more to prevent the disintegration of the Kurds into squabbling factions (although no one has ever succeeded in the past). As revealed by this newspaper today, Washington utterly failed to respond to increasingly plaintive messages from the Kurdish Democratic Party, asking for help against their Iranian-backed Kurdish fraternal foes, the Patriotic Union of Kurdistan (PUK). The US was understandably reluctant to take sides in internal Kurdish fighting, dismissing them as "small fish". But the consequence – the KDP falling into Saddam's clutches – was foreseeable and deeply regrettable. The missile strikes may intimidate Saddam into limiting his military aid to his victims-turned-enemies but they have done nothing to alter the new politics of northern Iraq.

The wider truth is that US, and Western, policy towards Iraq is a half-baked muddle (and lack of attention by the Clinton administration is partly responsible). But can anyone offer a sensible alternative? Containing Saddam without removing him leaves him as a per-



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manent, resourceful, vengeful and evil presence. The extension of the No Fly Zone in southern Iraq up to the Baghdad suburbs is an attempt to squeeze and humiliate him further, in the hope that his own brow-beaten military will eventually lose patience with the "God-supported leader". Don't hold your breath.

But not containing Saddam makes even less sense. The approach suggested by French and Russian attitudes, attempting to, in France's phrase, "reintegrate" Saddam with "the international community" smacks of either appeasement or cant. The "collapse" of

the Gulf war coalition reported this week is old news. France, Russia, Turkey and Syria have been playing footsy with Saddam for quite a while now. France is almost indecently eager to sign new trade deals with Baghdad. This was the approach adopted by the US and British governments in the late 1980s which led directly to the 1991 Gulf war.

Despite this week's first meeting between Mr Arafat and Mr Netanyahu, the Palestinian-Israeli peace process is in a menacing state of abeyance. The divisions between Europe and the US on how to deal with Iran – critical dia-

logue or aggressive containment – are dangerous and self-defeating. Talk in 1991 of the Gulf war producing a New World Order through the UN, and a New Pax Americana in the Middle East, have proved to be an illusion (although the Palestinian-Israeli peace has proceeded much further than many thought possible and is, perhaps, still rescuable).

Perhaps most disturbing of all are the hostages to fortune represented by our blind support for the autocratic and repressive regimes in the region which happen to be friendly to the West. Some argue that there is no difference, except maybe in degrees of ingenious brutality, between Saddam and other Arab regimes. This is nonsense. Saddam is an expansionist megalomaniac; the Gulf kings, princes and emirs are not. However, if the name of the game is ensuring that stable pro-Western governments remain guardians of the world's biggest and best oil wells, our unconditional support for some of the most anti-democratic regimes in the world may be counter-productive. In the longer run, the biggest threat to Western interests in the region may not be Iran or Iraq but the internal pressure-cookers bubbling away in Saudi Arabia or Bahrain.

Periodic air raids on Iraq, widely portrayed in the region as Americans killing Arabs, or Christians killing Muslims, do not help. On the other

hand, releasing Saddam from his Western-made bottle would help even less. The cruise raids were necessary but nothing to be proud of. Once the presidential elections are over, European countries, and the new US president (or the old one), must start an urgent reappraisal of long-term Western strategy in the Middle East.

## Playing today's political games

The exhumation of an ancient gaming board near Colchester invites speculation about Roman gaming rules. Games can reflect the politics and culture of the societies in which they originate. In Japanese Shogi, captured pieces change sides in fine mercenary tradition. The Vikings played a game in which a raiding party must escape back to the sea. So what will future archaeologists make of late 20th century European chess? A white king, perhaps the president of the EC, surrounded by 15 member states, eight of whom – the pawns – are in the slow lane to economic union. All are hassled by the black pieces – national opposition parties. Most pieces, they may conclude, probably moved in circles and nobody was ever sure who had won.

## LETTERS TO THE EDITOR

### Stop playing fiscal fantasy football

Sir: Your campaign to highlight the parlous state of our public finances is not, I am afraid, having much success. In the current climate of pre-election politics, the predictable response has been for each party to say to the other, "You will raise [have raised] taxes, I will [have] cut them."

What your analysis and Diane Coyle's article "Labour looks favourite for the fiscal beauty contest" (5 September) show is that the need of the hour is "tax, not spend". Indeed, the party that comes to power in 1997 will have to be prepared to raise taxes to meet the Maastricht criteria, whether we are in the single currency or not. Whatever the pre-election Budget, the post-election Budget will have to be a tax-raising one.

The poverty of fiscal debate in the UK has reduced the word "tax" to "basic rate of income tax" and every proposal, no matter how small, is costed in terms of so many pence on the basic rate. Thus, afraid of proposing any positive projects, politicians of both parties are falling back on the rhetoric of "deep" cuts in public spending. This is a delusion, of course. The last time there was a real cut in public spending was in the days of Denis Healey who, in 1976-77, produced the only year-on-year reduction in real public spending. Public finances have come to resemble a game of fantasy football – pluck millions out of the air and put them together as it suits your argument.

An independent central bank is much mooted. But that is a hangover from days of monetarist dogma, when people blamed money supply growth for all our ills. The Bank of England has hardly done any harm to the economy compared with the roller coaster rides of Lawson, Major, Lamont and Clarke. Perhaps we need an independent fiscal authority which will stop playing fantasy Budgets. Professor MEGHNAD DESAI, *The Centre for the Study of Global Governance, London WC2*

### Political perils of single currency

Sir: As your editorial (4 September) indicates, there are economic arguments on both sides of the European single currency debate. My concerns are with the political implications.

A single currency will necessitate a much larger flow of financial support to the poorer peripheral regions whose economies will not be able to keep up with the stronger German, Dutch and possibly French economies. That will mean greater contributions from the wealthier member states to the EU at such a level that the Common Agricultural Policy could be regarded as a minor financial exercise.

Whatever the level of funding, the workers in the contributing states will regard it as too much while those in the recipient states will consider it too little. That is the real danger of the single currency: exciting international passions and resentments which endanger the integrity of the European Union. BARRY JONES, *School of European Studies, Cardiff University*

### Pensions, the forgotten lottery

Sir: The future financial outlook for millions is grim. I am sickened by the numbers of ashen-faced constituents who tell me their private pensions pay out only a fraction of what the salesman promised. Why are pensions the forgotten political issue?

A huge number of people in their 20s and 30s pay no pension contributions. To get a decent pension, at least 15 per cent of salary should be paid throughout the full working life. How can that generation afford 30 per cent payments in their 40s and 50s?

Only 7,000 of the 1,500,000 who were mis-sold dodgy personal pensions have been helped. The safety net of the basic state pension has been slashed annually to a total cost of £1,000 per pensioner. Without new action, in the next century its value will be nugatory.

Private "money purchase" pensions are a lottery. Between 25 per cent and 50 per cent of cash paid in disappears in commission, profits and administration. Falling annuity rates slashed the value of these privatised pensions between 1990 and 1994 by 30 per cent. Serps, the state-run second pension scheme, uses only 2 per cent in charges and is delivering superb value index-linked pay outs.

Pensions should be a major election issue. We can easily afford to beef up basic pensions and create real choice with a new, efficient, good-value state second pension scheme. PAUL FLYNN MP, *(Newport West, Lab) House of Commons, London SW1*

### Childbirth care on the cheap

Sir: In response to the article in your *Healthy Pregnancy* supplement (3 September) celebrating the Department of Health's *Changing Childbirth*, may I introduce a note of caution?

My experience of giving birth in a central London hospital was as follows: no guarantee of a delivery room, no guarantee of a monitor, no bed, nor bell; pressure to accept a 24-hour discharge, and finally, little continuity of care before or after delivery. Thank goodness, under the circumstances, that some informed paternalist had made the decision that at a very minimum I should be in a consultant-led unit, with access to an anaesthetist, resuscitation unit and operating theatre.

By all means, let mothers speak up, but perhaps our time would be better spent lobbying for better-funded hospital care than innocently pandering to what must please any government – the prospect of cheaper care at home or in a midwife-only unit with the appearance of public endorsement. Look at psychiatric care in the community, and be warned. DRUSILLA GABBOTT, *PICKTHALL London N19*

Sir: I do wish people like Louise Silverton (Letters, 2 September) would stop talking about the "dangers" of bottle-feeding. Every woman (pregnant or not)

knows only too well that "breast is best", but please spare a thought for those mothers who are unable to breast-feed their children, through no fault of their own.

I felt bad enough not being able to breast-feed my two sons and, together with very supportive district nurses, spent considerable time and energy trying to fulfil my maternal role naturally – all to no avail.

So while we all agree that breast-feeding gives the best possible start in life, please don't make those young mothers who have no choice but to bottle-feed feel even worse than they do already. G BOYLE, *Feltham, Surrey*

Sir: Debbie Musselwhite ("If you are pregnant you're not alone", 3 September) has done pregnant or would-be pregnant readers no favours by her inaccurate statement "there are special antenatal tests such as CVS (chorionic villus sampling) and amniocentesis, which will determine whether or not your baby has any problems."

These tests provide diagnoses of relatively few, mostly rare conditions for women known to be at higher risk for having a baby with a particular abnormality. A normal test result is not a guarantee of normality. Most abnormalities are not diagnosed by these tests and by suggesting they are, she has fuelled the myth that it is possible to "order" a normal baby. Dr PATRICIA BOYD, *Oxford*

### Misleading exam tables

Sir: On 31 August you carried a report on the league tables of leading independent schools' GCSE results ("Girls leave the boys trailing in GCSEs"). The table had been prepared by the Independent Schools Information Service.

Fifty schools were listed – the top seven claimed 100 per cent A\* to C grades at GCSE. However, this figure is quite misleading. The league tables for state schools are published by the Department for Education and give the A\* to C grades at GCSE as a percentage of pupils on roll in the previous January (Form 7 census time). Pupils who subsequently drop out of school, or who are not being entered for any GCSE exams, are still included in the total from which the percentage of A\* to C grades is calculated.

Also, significantly, state schools enter pupils for GCSE when they feel a grade can be obtained between A\* and G. Clearly the leading independent schools are prepared to enter pupils for GCSE only when they can confidently predict at least a C grade. This distorts the apparent achievement of these schools.

If I wish to publish figures which can be used as a comparison with the league tables for state schools, it must calculate them in the same way. JOHN BOATER, *Teddington, Middlesex*

### No UN backing for Clinton

Sir: Both the Defence Secretary, Michael Portillo, and US government spokespeople have justified the American attack on Iraq with reference to UN Security Council Resolution 688, of 1991.

This resolution "condemns the repression of Iraqi civilian population... including most recently in Kurdish-populated areas" and demands that Iraq "immediately end this repression". It goes on to empower the Secretary General to "use all the resources at his disposal, including those of the relevant UN agencies, to address urgently the critical needs of the refugees and displaced Iraqi population."

Nowhere does it provide for unilateral military action by any UN Security Council member to enforce this. President Clinton's decision to punish Saddam undermines the authority of the UN, whose own inspectors uncovering covert Iraqi military establishments are currently in Iraq. Dr DAVID LOWRY, *Stoneleigh, Surrey*

### Heated argument

Sir: Philip Danbeney (Letters, 4 September) failed to spot a major cause of global warming – the English language's lack of a single word to express "put only enough water" in the kettle to make a cup of tea. Generations of children are brought up to "fill" the kettle, and keep the globe warming. A suggested new word is to "pow" the kettle. GREG LEONARD, *Department of Information Science, University of Portsmouth*

### Victory for the Eurofighter

Sir: You suggest (*Business comment*, 3 September) that the Conservatives' decision to purchase 230 Eurofighters is a product of obsolete defence attitudes. On the contrary: it shows a remarkable grasp of the changed threat and new danger to Britain in the form of New Labour.

The engineers and production workers whose jobs will be saved by the purchase, their dependants and the taxpaying public will by their gallant actions in the polling booths be able to safeguard the prosperity and freedom of Britain for continued enjoyment by the Conservatives. Seldom in the history of political conflict will so much have been owed to so many by so few. GRANT LEWISON, *Richmond, Surrey*

### Waiting for God

Sir: J Richard Pater (Letters, 5 September) likens teaching children the importance of religious belief to the need to look both ways before crossing a road: "if there really is no traffic it makes no difference..."

But what really happens is that the believer tends to take the child to a manifestly empty road, with no sign of traffic, and to say: "Look at that enormous lorry, it's heading straight for you, don't pretend that you cannot see it, it's vital to your whole future that you admit to recognising it..." MIKE DOUSE, *Norwich*

### Action women

Sir: According to Hugh Peto (Letters, 30 August) "social, scientific, and artistic experimentation have always been generated in the male-dominated public sphere". My experience is quite the reverse.

Almost everything in the arts since the late 1980s that has seemed to me to be fresh, adventurous or moving has had a – often the – major input from women. And amongst my friends the most adventurous are the women. COLIN BARKLETT, *Tadworth, Surrey*



Behind every successful man there's a good woman



## analysis

## Labour's trade-union time bomb

The big unions that once brought Britain to a halt are lying low. But for how long? By Barry Clement



Winter of discontent: the unions are nothing like as powerful as they were in 1979, but Tony Blair still owes them

Photomontage: Julian Saul

It has been an extraordinary exercise in political discipline. For the past two years or more, trade-union leaders have witnessed with mounting anger the Labour Party change from a democratic socialist organisation to a social democratic one. An "SDP Mark Two".

With little more than a middle-aged triumph, the union "barons" have allowed Tony Blair to take the party by the scruff of the neck and shake it free of socialism. That would be fine but for the fact that it was the unions, many of which still harbour anishonable yearning for socialism, which established the Labour Party in 1906 and continue to be its biggest benefactor. The provenance of the party and the financial link with unions is not something that Blair cares to acknowledge, and it will certainly not be part of the sales pitch to the electorate.

In the words of one senior

figure in the movement, the party is behaving like the proverbial teenager towards his parents: "You can drive me to the disco, pay for my booze, but park round the corner so my mates can't see you."

For the most part, union leaders have acquiesced in this demeaning role. The Labour movement paupers, all essentially politicians, have remained uncharacteristically quiet – in public at least. They have kept their distance as Blair has paraded new Labour as the party of business and low taxation – as he did on Wednesday at a £470-a-ticket London conference. It was meant for senior company directors, but half the delegates were from PR firms.

Despite high-profile donations from elsewhere, union affiliates contend that they contribute around two-thirds of the money that flows into party coffers. And the unions have "delivered" for Blair and his allies. Not only have they kept the money rolling in, they have voted – sometimes against their instinctive judgement – for fundamental changes in policy. They have kept the movement's great unwashed at bay.

Next week at the TUC Congress in Blackpool, union leaders will continue to do the leader's bidding by ameliorating the call for a minimum wage of £4.26 an hour. Blair, who will be dining with the TUC's general council next Wednesday, has indicated that TUC commitment to any figure would be unhelpful. Unions bosses are ready to do mental cartwheels over their own policies to oblige.

The unions' most important "gift" to Blair to date was their help in the abolition last year of Clause IV of the party's constitution, which called for wholesale nationalisation.

The continued acquiescence of unions is all the more remarkable for the fact that Blair does not necessarily regard them as "The Voice of Working People"

and therefore as major players in policy formation.

It was not always thus. Under the prime ministers Wilson and Callaghan, union leaders were habitués of the corridors of power and all the most senior officials had direct and constant contact with Cabinet ministers.

This was the famous (to some people infamous) era of "beer and sandwiches at 10 Downing Street", where the Government struck deals with union leaders.

So powerful were the unions pre-Thatcher that in 1974 Edward Heath, the then Tory Prime Minister, called a general election to decide "who rules government or unions?". The poll, in which he lost, came after a miners' strike that reduced the whole of industry to a three-day week to save power. In 1979 came the so-called Winter of Discontent, during which around a fifth of the working population either took industrial action or were laid off because of it.

How times change. Now, despite the Royal Mail and rail disputes, strikes are at a historic low and in Blair's eyes unions are simply one among many special interest groups. Even three years ago unions would not have tolerated such a role.

After 17 years of Tory government, they are prepared to roll on their backs and have their political tummies tickled. The Labour leader simply does not listen to the party's big affiliates unless they are addressing matters of direct union business.

Blair's predecessors would have taken on board the musings of teaching unions on the national curriculum or pupil discipline. Blair will develop his own policies, advised by his own hand-picked experts.

rather technical, but critical piece of legislation, passed in 1993. This obliges union members to authorise the deduction of union subscriptions from their wages every three years. It means that unions have to keep "re-recruiting" their six million members and notifying all individuals about any change in fees. It is rather like banks having to keep signing up all their customers every few years. The law hits at the unions' lifelines. They believe that repeal is essential for their survival.

The second most important item is a concession from Blair on union recognition. Where half or more of employees vote for a union to conduct collective bargaining on their behalf, then employers would be forced to deal with it. Also on the shop-

ping list is a pledge to sign up to the Social Chapter of the Maastricht treaty. Finally, the unions will be calling in Labour pledges on minimum wages to be determined by a low pay commission representing both management and unions.

The Labour leadership has sorely tested the self-discipline of unions by progressively watering down its side of the bargain. Considerable swathes of Conservative legislation are to be kept and there is to be no fundamental review of employment law. A long-standing promise to liberalise the laws

senior representatives of the TUC and there is the Trade Union Liaison Office, where those unions that are affiliated to the party meet the leadership.

Through these channels, union bosses have been keeping a fatherly eye on the health of their account with Blair and airing their disagreements in private. Here also, the Labour leader meets people with whom he has little in common.

Blair regards Rodney Bickerstaffe, general secretary of the big white-collar union Unison, with suspicion: Bill Morris of the Transport and General Workers' Union as unreliable; and John Edmonds, leader of the GMB, as too clever by half.

In these meetings, the union leaders have warned Blair that it may well be a game of two halves and that there may be trouble ahead. Although Labour has been reassured of union good behaviour ahead of any election, there is a different consideration about life after a Blair victory.

Blair has been told by union leaders that workers' aspirations under a Labour government might be difficult to control. Union leaders can manipulate their troops to support motions at conferences, but the attitude of the British workforce to their pay and conditions is quite another matter.

While Blair has been keen to keep a lid on expectations in virtually every speech he makes, unions have told him that their members may see things differently. At its most basic, their argument is that if working people vote Labour it will be because they believe a Blair government will change the economic atmosphere to allow a few more pounds to

trickle into their pockets.

Evidence of rising expectations and growing industrial militancy has surfaced at London Underground, in the rail network and the Royal Mail. In the latter dispute, Alan Johnson, joint general secretary of the Communication Workers' Union and one of the strongest supporters of Blair in the union movement, has conspicuously failed to keep his troops in order. Johnson has been decidedly unhappy that his members have chosen the run-up to the election to flex their industrial muscles. Blair has indicated publicly that the union should ballot its members on the latest Royal Mail peace formula. So far, neither Blair nor Johnson have been successful in persuading postal workers to behave themselves. That could well be a harbinger of things to come.

The biggest battleground will be the public sector, where the Tories have frozen wages for the past three years and where union organisation is at its strongest. If Major holds off the election until next April, the public-sector pay round will in effect be over by the time any winning Labour team walks into Downing Street.

Unions could then invoke the introduction of a national minimum wage as a way of keeping industrial peace. The following year, however, might be more problematic. In private meetings, Blair has been warned that the party is presiding over a "policy void" on public sector industrial relations. As one prominent union leader put it: "There is a lot of ill feeling, but no one wants to be seen to be opening their mouths and contributing to a Labour defeat."

### Union leaders have warned Blair that it may well be a game of two halves and that there could be trouble ahead

### THE SUNDAY REVIEW



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Plus: an exclusive interview with Alistair Cooke, and your chance to win £500 in the new Independent on Sunday/Bloomsbury Short Story Competition

### and in real life

Is she really going out with him? Why fascinating women date dull men. Plus: John Wayne Bobbitt, movie star, cuts his losses, and fashion for men

IN THIS WEEKEND'S INDEPENDENT ON SUNDAY

## A hitch-hiker's ballad of the Fringe



### Miles Kingston

I thought that I would not be referring to the subject of the Edinburgh Festival and Fringe again for another year. I thought I would be able to get back to more congenial topics, such as my ever-growing collection of motorway ballads, those modern examples of folk verse which I collect from hitch-hikers and stray encounters at motorway service areas.

But today I find myself in the happy position of being able to do both, because this week I gave a lift back from Edinburgh to a travelling man who told me a long ballad about a chap who goes to work on the Edinburgh Fringe when he is young and impressionable, and then makes the mistake of going back when he is grown-up. It's sad and touching, I think, but ultimately hopeful. It also has quite an ambitious rhyme scheme for a ballad.

When I was only 22  
I went to the Fringe with a revue  
From a drama college in Crewe  
— I'd never been north before.  
We stayed in a flat where fungi grew  
And tried to live on thinned Irish stew  
While the beetles marched past two by two  
As they came across the floor.

Yes, when I was young and little knew  
I went to the Fringe in a revue  
Which went on stage at midnight 02  
And we all got late to bed.  
Our script was good if somewhat blue  
Our audience was very few  
(Our venue was somewhere near the Zoo)  
And we all went home in the red.

I was known as the technical crew  
Which meant that everything nasty to do  
Was always left to you-know-who,  
Whether small or large.  
When amps broke down or fuses blew  
Or the stage was totally covered in goo  
Or someone had to unblock the loo  
I was the bloke in charge.

So, when I was only 22  
I slept in a room with a lovely view

Of piles of discarded tins  
From the Italian joint next door  
Every time the east wind blew  
The smell of pizza came right through  
And this was true of the west wind too:  
It was very hard to ignore.

Yes, when I was only 22  
And went to the Fringe in a revue  
I met my future wife called Sue  
In a pile of student bedding.  
And I didn't really know what to do  
And then she said, I'm pregnant too  
And the doctor said, I'm afraid it's true  
So we had an unscheduled wedding.

And now that I'm over 42  
We've come back to the Fringe with déjà vu  
And there's nothing left of the old venue  
— It's now a snooker hall.  
And we really don't know what to do  
For the Fringe is a monster which grew and grew  
And everywhere you have to queue  
Even if you're going to the loo.  
And tourists throng from Kalamazoo  
And Venezuela and Peru.  
It's not the Fringe that once we knew  
So we finally went to the Tattoo —  
At least THAT's still quite small!



# Small business is Labour's business

Blair's party should forget the corporate bogeys of the past and look to the job creators of the future



HAMISH MCRAE

Suddenly the election is for real. The unofficial campaign kicked off this week with the wholly unsurprising trading of insults about taxation and the somewhat more surprising appeal by Labour to the business community. Labour's manifesto reception: not too much open hostility except on taxation and the Social Chapter, but not much warmth either. Labour on takeovers. It must be a bit dispiriting: all the efforts by Labour leaders to show that they are not anti-business, and save the occasional maverick bigwig who is prepared to sign up (and hope for a peerage for his courage), hardly anyone of note in the business community will openly support them.

Labour's relationship with business is a bigger problem than its problems over tax. At least tax is a clear-cut issue. Business is about ideas and instincts. Labour - uniquely among parties in developed countries - knows very little about business. Hardly any Labour candidates have a business background. None of the top rank of the shadow cabinet has business experience. It is a gaping hole, and it shows. It is very hard to think of any suc-

cessful economy anywhere in the world where business is at loggerheads with government, and a modicum of economic success is utterly essential to Labour if it is to achieve any of its social objectives. If the business community is demoralised, economic catastrophe awaits. So it is powerfully in its own self-interest for Labour to build a relationship of trust with business people. But how? By stopping, I suggest, making three mistakes and by exploiting two opportunities.

Mistake one is to assume that by talking to the representatives of businesses you talk to business people. For a start, the Confederation of British Industry does not represent business in the way the Trades Union Congress represents the unions. More importantly, the heads of big businesses are not as a rule particularly involved in British politics. Britain is just one market among many; half the profits of the top 100 companies come from abroad and many of our big manufacturing companies are not British-owned. Labour needs tacit support among ordinary managers and professionals, not the people who attend seminars.

Mistake two is to focus on manufacturing and on big business. Of course both matter, but neither mat-

ter nearly as much as when Labour was last in power. Manufacturing is now little larger as a percentage of GDP than financial and business services. As for business size, some research in the *Economic Journal* coincidentally out this week shows that between 1989 and 1993 small businesses that survived the recession increased their employment by 50 per cent, while large ones cut theirs by 6 per cent. Thus even successful big businesses are still shedding labour. Small companies are providing the jobs now, and it seems overwhelmingly likely, the jobs of the future.

Mistake three is to assume that the City hates Labour. It is perfectly true that, a generation ago, the financial markets did not go to a bundle on Labour policies, and that they were aghast at the Labour Party of the early

1980s. But now that is a memory: the City is so international that economic policies in Britain are assessed in just the same way as policies in France, Germany or Japan. The idea that Labour-leaning industrialists are afraid to disclose their support for fear of antagonising the City is nuts. The main reason investment managers are wary of business people who are overly interested in politics is that they are worried they will spend too much time messing around chasing peerages and not enough running their companies. There is, of course, a problem on tax - tax on dividends and tax on personal incomes - but Labour has said there will be no penal taxation and that it will make its tax plans clear before the election.

Labour should stop worrying about the old generation of corporate leaders and focus on the middle-ranking professionals: recognise that the jobs of the future are in services and small business; and learn, if not to love the City, at least to appreciate that financial markets are deeply meritocratic and pretty fair-minded.

That is a start. Now for the positive things Labour can emphasise. One is trust-busting. Big business, for all its advocacy of the markets, likes cosy

arrangements which limit competition. A well-tended monopoly - adequate service, fat margins, little upheaval - is a fine way to make money. Anything Labour can do to make life uncomfortable for the dominant players will be welcomed by the rest.

Next, Labour should seek to tailor policies for small business. There is no reason why the Blair party should not prove attractive to the growing army of small businesses, including the many self-employed. These are not plutocrats or exploiters of other people's labour. They will increasingly become the bedrock of the economy. But meanwhile they need help, for many feel that over the last few years the Government has been insensitive to their needs. For example, regulations which for large firms are simply an additional cost - they set up a division to handle them - are for small firms a disproportionate burden.

Acting against monopolies and supporting tiny businesses ought to be meat and drink for a party which seeks to stand up for the weak against the strong. It may be a giant leap from the state corporatism of the 1970s, but arguably fits in more closely with the party's origins. For Labour, it would be back to basics.

## BOOK REVIEW

The Scent of Dried Roses

Tim Lott

Viking, £16

## A lost mother, a lost world

In 1988 Lott's 57-year-old mother, Jean, committed suicide; an act for which no one in the family was remotely prepared. If anyone might have been expected to do so, it would have been Tim himself, who had slowly and painfully emerged from a black hole of depression a year previously. What does the death of a mother do to a family? Lott draws his breath in pain like a modern Hamlet and backtracks through time and space to tell Jean's story, his own, and those of his brothers, uncles, aunts and friends.

The exercise is salutary, by turns moving and amusing. At first Lott finds himself struggling with "a snakepit of narratives that compete, and eclipse each other, then slide mutely back into darkness". Gradually, like the meaningless pieces of a jigsaw turning into a picture, he makes a sort of sense of an act that will always feel astonishingly cruel to those you leave behind. But, as Lott knows from his own experience, "anyone who can feel so little for themselves that they want to die is hardly capable of feeling for others. Which, of course, is why life becomes so absolutely without reward."

Lott educates himself in the nature of depression, the chicken or egg debate between sociologists, psychologists and psychoanalysts as to its nature and cause. Freud defined depression as an act of anger, an attempt to destroy something or someone that some moral imperative in your head prevents you from even admitting that you hate. Geneticists point out that a tendency to depression can be traced through particular families. Biochemists identify change in the body chemistry and talk of it as some sort of virus.

But how do we explain the dramatic rise in suicide rates in Western society in the last 100 years or so? Durkheim's view that depression is a cultural product, a reflection of a person's loss of a sense of place, of identity, is what makes most sense to Lott. "To lose your fixed point of reference, at whatever level, is to be in danger of losing your mind. By the time of her death, he concludes, Jean had almost completely lost the world she grew up in, a world of certainties in which a good wife and mother was a person of consequence. From being somewhere to be proud of, Southall was a place

where, as she wrote in her painfully frank suicide note, she should "only see decay". She killed herself just after her last son, Jimmy, left home for good.

In quarrying his personal family history, Lott details social change in the once fashionable western London suburb of Southall with the accuracy of a pointilliste. The wider value of this intimate, funny, tragic book is this brilliant, Orwellian analysis of the condition of England during Jean's lifetime. For Jean's tragedy goes beyond the personal. Her death spotlights the 10- or even 20-year vacuum that exists in the lives of so many women - and an increasing number of men - in their mid-fifties who, though far too energetic merely to put their feet up, have no status from a paid job.

Her death spotlights a vacuum in the lives of so many women who lack status

whose grandchildren are postponed or remote, and who for one reason or another lack the self-confidence to carve out a new place for themselves in a rapidly changing social world. We all need a satisfying - and quite possibly constantly changing - story to make sense of our lives. Lott quotes Graham Swift's *Waterland*: "Man is a story-telling animal. He has to go on telling stories, he has to keep making them up. As long as there's a story, it's all right." The compelling force of our need to know where we come from in order to make sense of where we are going is reflected in the fact that Lott is far from being alone in excavating a personal past. John Mortimer has voyaged around his father; Germaine Greer has told how Daddy hardly knew her. Such explorations are all no doubt pleasurably cathartic for their authors. What determines whether they elicit weariness or sympathy in those of us who ponder the meaning of our lives in privacy and by analogy is the degree to which they have what Saul Bellow calls "the signature of the soul." In this respect, *The Scent of Dried Roses* is breathtakingly powerful.

CHRISTINA HARDYMENT

# The post-racist bubble bursts

We knew it all along. Now even Ofsted admits the link between race and educational achievement



SUZANNE MOORE

When you reduce education policy to little more than a prolonged "Testing, testing 1, 2, 3..." scenario, you cannot really be surprised if the figures don't add up. While we are apparently to test children just out of gappies in order to monitor them more closely, we have for some time ignored the under-achievement of certain ethnic minorities. Well, officially, anyway. To talk of difference, diversity, multi-culturalism, racial harassment is dreadfully PC. This Government has preferred the colour blind approach, otherwise known as the ostrich position, insisting that league tables are perfectly justifiable and that the social background or ethnic origin of a school's pupils are not relevant.

Yet into this post-racist bubble plops a report from Ofsted that says, guess what, ethnic origin is a factor in educational achievement. Well you don't say? Here is a case if ever there was one where everyone has known what was going on for some time. All Ofsted is doing is acknowledging it. Black parents know about it. The white middle-class particularly knows about it. They bus their kids across the city to avoid contamination by those of different social or ethnic origin à la Harman or Blair.

The state system, they argued, has failed, and therefore they are entitled to such segregation. Of course it is never described in these terms. It's not about race, it's about wanting the best for their own children, which of course is entirely natural. They are not prejudiced because actually some ethnic minorities really do work jolly hard, like the Chinese, you know. And I do



We owe all our children the best start in life, says the Government. But do we really believe it? News Team

know and I have had several conversations about this. Perfectly decent folk have warned me that my children would probably end up speaking Urdu and eating curry all day long if I didn't have a sudden urge to start going to church every Sunday to get them into the right C of E school.

Sometimes it seems that the only people who can talk openly about race are racists. It remains the great liberal taboo, but anyone who has been near a school in the past 10 years could not possibly be shocked by this latest Ofsted report. Indeed, nearly all of these recommendations were made more than 10 years ago, in the Swann report of 1985. The fact is that in order to raise standards for pupils coming from eth-

nic minorities, you have to monitor them and then consider the reasons why particular groups are falling behind.

Although many of the initiatives outlined in the new report are replicas of the loony lefty policy of bodies like Ilea, our explanations for under-achievement have become more sophisticated. Racism was the great catch-all to explain the failure of black pupils. There was a time when racism was seen as the problem of whites, not blacks. All every one had to do was to get in touch with their own inner racism and flagellate themselves for the world to be a better place. Guilt can no more be the basis for educational policy than some twee ebony and ivory approach. Nor can the charge of racism

explain the differences between various ethnic groups, or why it is Afro-Caribbean boys rather than girls that are doing so badly.

What has fallen by the wayside along with all those kids excluded from school who never really find their way back is that quaint notion of equality of opportunity. That Ofsted should finally publish this report is an indication that even the Government feels that these issues can no longer be simply suspended. They will keep loitering around the school gates. Anyone who has been near an inner-city school lately ("inner-city" is the current euphemism for schools with large numbers of black kids) will know the system is at breaking point. Exclusion no longer means

temporary suspension. Most pupils who are excluded never really go back to school, and black pupils are between three and six times as likely to be excluded as their white counterparts.

Low expectation leads to low self-esteem, or so the theory goes. Some teachers are scared of big black boys, though there are studies showing that they tend to misread their body language. In this case it is a small matter of educating the educators, but surely the real reasons for failure are much more complex. The lack of extended families, the demonising of single mothers, the scarcity of positive male role models, the reality of unemployment and poverty, the alienation from mainstream society, the sheer lack of hope is a combustible mixture.

The social and economic neutering of young black men is increasingly countered with initiatives borrowed from America, which promise to give them back their masculinity. Whether this is through the Nation of Islam's tried and tested definitions of manhood or the quasi-militaristic tone of separate schools, street culture itself has already become one vast exercise in displaying in its bruised and battered form the brand of distorted machismo that schools find so disruptive.

To be reminded almost innocently that our schools should give everyone who goes to them a decent education is to be reminded of a collective failure - a failure of will as well as of funds. As a society we no longer seem to believe in equality of opportunity. We do not think about this in terms of race - too many Benetton ads have fuddled our heads - but our gradual acceptance that there will always be a sector of society who are resolutely underclass, resolutely unlike us, who are amoral, promiscuous, criminal, sub-cultural has definite racial implications. As the Charles Murrays of this world (who insist on seeing a genetic link between race and intelligence) well know, "We owe all our children... the best possible start in life," said Cheryl Gillan, the education minister. Fine words, but they will only get it if we believe that all of them actually deserve it. Do we?

THE CENTRAL FACTS FROM THE COURSES YOU ALWAYS MEANT TO TAKE, IN 25 LECTURES

How true is everything you've learned in this course? I don't mean to suggest there's been a plot by the editors to make it all up. In any case, you can verify the facts directly: ballet dancers really do stand in a weird way, and the *Independence Day* soundtrack does have re-enactments of Elgar and Bruckner. The question rather is about the fields themselves: how much truth can they convey? At first it seems obvious. The science items are true, for e really does equal mc<sup>2</sup>, and brain cells, if you examine them, do leak neurotransmitters from their tips. It's the art items that are different: emotionally moving perhaps, but simply the products of one person's or one group's made-up views.

There's more to it than that though. Scientists until the late 19th century have felt they were achieving complete truth, but after relativity and quantum mechanics so completely undercut their results, the more modest consensus now is simply that scientific results are just successive approximations to the truth. Recognising that there are neurotransmitters and other chemical floods in the brain is better than a bunch of telephone-like cabling, but there's no reason to think that view won't be superseded by even

more accurate visions in the future. Thomas Kuhn, and others, have written at length on how scientists largely chug along in groups that share basic assumptions (paradigms) - the famous herds of independent minds.

The proviso - and this is what makes science so powerful - is that the herd travel is not random, and by objective checks it works, getting to its targets effectively. Evidence that's contrary to herd beliefs has an irritating way of pushing itself up until it's acted upon. There are segments of the DNA strand that control the action of other parts of the strand, and when that was realised you could understand a lot more about the way cancer genes might switch on.

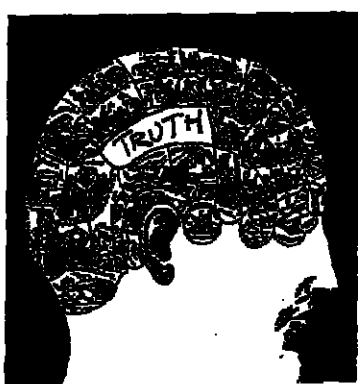
The reason science can self-correct is not so much that it carries a magical method, but because it has greedily carved out a domain where repeatable things happen. This is why it can get away with discarding its historical tail. Physicists don't need to read Newton, for all the nutritious bits have already been digested, in the summary equations a bright undergraduate will learn - a trick which the not-quite-sciences, such as economics, dealing with complex, rushing human subjects, would not be wise to copy. Adam Smith wrote that merchants rarely get together with-



WEEK 5 DAY 5  
Truth

VISITING LECTURER: David Bodanis

A final examination will be set at the end of term. All graduates will be awarded a diploma and the ten best results will receive a year's subscription to the *Independent*



out the intention of defrauding the people. But students encouraged to ignore foundation texts would never have learned that, at least not at the Chicago economics department when Thatcher's intellectual forebears held sway there.

The sociology of intellectual herds applies in the art world too, whence Kuhn's popularity even beyond historians of science. His analysis runs even deeper here, for the ideas that have been sustained by art - especially when it was more central to politics and religion - meant that it couldn't be easily changed, for it would undercut those institutions depending on it.

Yet art, too, was felt at various times to be logically progressive, in, for example, the way foreshortening was considered an obviously improved technique by many Florentine painters, or the self-confidence of modern architects that Jonathan Glancey described. But notions of uni-directional progress aren't as easy to sustain in art as in science. The young Tracey Chapman had only a dozen or so chords at her command, but her concerts were still more popular than those of Pierre Boulez, despite his years of training.

The issue clearly isn't technique, but an art's content. At the most direct level it's a mat-

ter of being true to events or personalities existing outside of the artist, which is why you can have discussions about the "accuracy" of Shakespeare vs. say, Bellow, in capturing different personalities. Or it might be aiming inward to an artist's own emotional or religious state, as in Bach's music, with its quiet assurance that we need not be isolated souls. Often, as with many architectural decisions or Hollywood films, there has been no central decision, but just an output by committee, which we still interpret for its effects or meaning as best we can. Even art that tries to avoid all possible references and just aims for formal beauty can't escape: the romantic will be sure it's hinting at *noumena*, while the cynic knows it's just a structure to which his neural endorphin pathways respond.

The linking assumption for both art and science is that they're merely uncovering something that already exists. This is where whatever truths this DIY course has shown might lie. It is the domain where mathematics is discovered, not invented; where a sculptor knows her finished piece is resting inside the marble, eternally waiting, and she merely needs to get the chisel and uncover it, for everyone else, finally, to see.

Monday, Final Exam

Do you believe they should be destroyed just because they have no home?

Yes ☐ No ☐

If you answered 'No' to this question, you could help The Blue Cross save the lives of thousands of unwanted and abandoned pets by signing The Blue Cross Pledge.

Please fill in the coupon below for further information.


Yes I'd like to save the lives of animals in need. Please send me details of The Blue Cross Pledge.

Name (Mr/Mrs/Miss) \_\_\_\_\_

Address \_\_\_\_\_

Postcode \_\_\_\_\_

Send to: The Blue Cross, Freeport, Room 711C, Shilton Road, Burford, Oxon OX18 4BB. Reg. Charity No. 224392.





# Emily Kngwarreye

Jenny Green, who was working at Utopia as a linguist, encouraged the local women's group to transfer some of their traditional body-marking and ceremonial motifs on to silk. Emily, although in her late six-



From the start Emily's paintings were distinct and recognisable, marked by a rare feeling for colour and a bold sense of composition. Her painting style, however,

The only painting by Emily currently on public view in Britain is at Queen's Hall Art Centre, Hexham, until 28 September.

*Emily Kame Kngwarreye, artist: born Soakage Bore, Australia c1910; died Alice Springs 2 September 1996.*



**Nicolas Walter**  
Gordon Stein, free-thinker: born New York 30 April 1941; married Barbara Laika (one daughter; marriage dissolved). Eve Triffo (marriage dissolved); died Buffalo, New York 27 August 1996

born in Dagenham and evacuated during the Second World War to Oxford. In 1944 after a brief spell as a junior in the Oxford City Council's Treasurer's Department he joined the Navy, where he met his future wife, Joy. In 1948 he went back to Dagenham to begin his library career. The librarian was J.G. O'Leary, a colourful, flamboyant character from whom Smith developed two beliefs to guide him throughout the years. One was that public libraries and the arts were integral and the other that librarians had to



be much more positive in marketing their services to the widest possible range of users.

After spells of service at Holborn and Finsbury libraries Smith became Deputy Borough Librarian and Arts Officer of the newly formed London Borough of Havering. Almost at once the place started to buzz with excitement with a flourishing arts scene and a book fund the envy of all.

He was able more than many of his colleagues to foresee the financial reductions that were in the offing and to this end he developed his marketing philosophy even further with what was the largest income-

Smith served on the Library and Information Services Council and on Library Association working parties dealing with the arts and marketing, as well as a brief spell on the Library Association Council. But it is fair to say that the gradual process of committee decision-making was never his strong point or style.

At professional meetings he could unintentionally offend with apparent arrogance and

When Smith retired in 1991 he brought the same gusto to a newly acquired allotment, waxing lyrical about his asparagus and onions. He also developed an interest in horse racing, planning to visit every racecourse in Britain. He was able to indulge a lifelong interest in music from Schubert to Fats Waller, and he and his wife were frequent visitors to the Aldeburgh and Bath festivals.

On his retirement, his colleagues in the library and book-trade world received a letter from Roy Smith asking that, in lieu of any farewell gift, they might have in mind to make a

**Ron Surridge  
and Tom Featherstone**

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*Roy Peter Smith, librarian: born London 24 February 1928; Director of Libraries and Arts, London Borough of Sutton 1968-88, Director of Leisure Services 1987-91; OBE 1987; Library Association Robinson Award for Library Innovations 1981; married 1951 Joy Willson (two daughters); died Hope Cove, Devon 23 August 1996.*

feat by Oxford, yet a year earlier had helped the students rob Cardiff of its 18-month ground record with a magnificent triumph at the Arms Park.

He first played for Wales in the final game of the 1949 Five Nations Championship against France at Stade Colombes, Paris. It proved to be an inauspicious start for the 20-year-old as Wales slumped to their third defeat of

Arguably his most famous moment came in the 1953 international at the Arms Park against New Zealand. He had been in the Swansea side that had held the All Blacks to a 6-6 draw a week earlier, but played a major role in helping Wales to go one better on 19

Thomas joined the ranks of those Welsh immortals who have played on a winning side against New Zealand - Wales

against France in 1959 — like his debut, a defeat in Paris. No sooner had he hung up his boots than he picked up the pen and begun a career in journalism.

Gower and Carmarthen constituencies and in 1979 as an MEP, for Wales Mid and West.

**Robert Cole**

28 January 1929; married 1954  
Ann Butler 1954 (three sons,  
one daughter), 1980 Joyce Row-  
ley; died Swansea 5 September  
1996.

**WALTER:** On Thursday 5 September 1996 at Chislehurst, Stephen John, aged 45 years. Beloved husband of Jo, eldest son of Susan and of the late Michael Walter. Requiem Mass at 12 midday on Friday 13 September at St Mary's RC Church, Crown Lane, Chislehurst, Kent. Donations to South Bromley Hospicecare. Orp.

ding anniversaries, In Memoriam) should be sent in writing to the Gazette Editor, The Independent, 1 Canada Square, Canary Wharf, London E14 5DL, telephoned to 0171-293 2011 or faxed to 0171-293 2016, and are charged at £6.50 a line (VAT extra).

mer diplomat, 60; Mr Roger Kington, Secretary, MCC, 50; Mr Roger Law, puppeteer, 55; Mr George Mann, cricketer and former chairman, TCCB, 79; Miss Monica Mason, ballerina, 55; Lord O'Hagan, former MEP, 51; Sir Peter Pain, former High Court judge, 83; Sir James

1871; John James Rickard Maclean, one of the discoverers of insulin, 1876; Leopold Hamilton Myers, novelist, 1881; Joseph Patrick Kennedy, financier and diplomat, 1888; Manfred Gurlin, composer, 1890; Sir Edward Victor Appleton, physicist, 1892; Billy Rose (William Samuel

1939; Hendrik Pieterse, white, South African prime minister, assassinated 1966; Rodney Robert Porter, biochemist, 1985. On this day: Richard I defeated the Saracens at the Battle of Arsouf, 1191; the Pilgrim Fathers set sail in the *Mayflower* from Plymouth (6 September Old

...thousands of lives resulted in nearly 10,000 deaths. 1975: the Soviet ruling council recognised the independence of Lithuania, Latvia and Estonia. 1991. Today is the Feast Day of St Cagnoald or Chinoaldus, Saints Donatian, Lactus and Others and St Eleutherius of Spoleto.

begins in London at 7.21pm.

United Synagogues: 0171-387 4300. Federation of Synagogues: 0181-202 2263. Union of Liberal and Progressive Synagogues: 0171-580 1663. Reform Synagogues of Great Britain: 0181-349 4731. Spanish and Portuguese Jews Congregation: 0171-259 2573. New London Synagogue (Masorti): 0171-328 1026.

**Lectures**  
Victoria and Albert Museum: John  
Hall, "Embossed Images on Paper",  
3pm.  
National Gallery: Susan Foister,  
Dürer (I): A New Acquisition, *Saint  
 Jerome*, 1pm.

هكذا من الأصل



Financial view: Fund shocks add to shift in risks 23  
Market report: Speculators hooked on Zeneca 22  
Investment: Arjo suffers from pulp fiction 20

# business

THE INDEPENDENT • Friday 6 September 1996

CITY & BUSINESS EDITOR: JEREMY WARNER

Computer crash: Shares in Italian giant suspended as former top executive claims extent of company's losses were disguised

## London funds hit as Olivetti teeters

MICHAEL HARRISON  
London  
and ANNE HANLEY  
Rome

The Italian computer giant Olivetti was teetering on the brink of disaster last night, threatening to leave a group of big London shareholders facing huge losses, after a former top executive resigned, sensationally accusing the company of disguising the extent of its half-year losses.

The extraordinary claim by Renzo Francesconi, who quit as chief operating officer on Wednesday night after just six weeks in the job, forced Italian stock market regulators to suspend Olivetti shares amid chaotic scenes on the Milan bourse.

Shares in the two holding companies of Carlo De Benedetti, Olivetti's biggest shareholder and until Tuesday night its chairman, also went into freefall as fears gripped the market that the Italian entrepreneur's entire business empire was about to crumble.

Olivetti's plight could prove most serious for a group of

about 10 big London-based investment managers who emerged collectively as the company's biggest shareholders following a £13m rescue rights issue last December. Between 30 per cent and 40 per cent of Olivetti shares are now estimated to be held in London. ING Barings Asset Management is sitting on a near 6 per cent stake alone, making it Olivetti's biggest shareholder after Mr De Benedetti.

The drama began on Tuesday when Mr De Benedetti resigned after the company announced a 440m lire loss for the first six months. His replacement is Antonio Tesone. But it escalated in spectacular fashion yesterday when Mr Francesconi quit, alleging that the losses were far worse than stated.

In a letter published in Italian newspapers he said he was resigning because he "did not agree with the presentation of the half-year results approved by the board". He added that "the situation is very serious and for Olivetti there is the prospect of a very difficult future".

Mr Francesconi told journalists after he resigned that he



Changing places: (from left) The founder Carlo De Benedetti, Renzo Francesconi, former chief operating officer, and the new chairman Antonio Tesone



Photographs: AFP/AP

couldn't accept the half-yearly figures because "numbers and cash flow are not negotiable".

Olivetti's chief executive, Francesco Caino, immediately issued a statement denouncing Mr Francesconi's claims as "totally unfounded" and warned it might take legal action.

But the Consob, the Italian

stock market watchdog, suspended Olivetti's shares and the directors as it launched an inquiry into the claims.

Mr Caino said Francesconi's statement "was clearly the result of stress of the thought of the great task which lies before us".

But Mr Francesconi was in cheerful mood as he left the Rome offices of Consob after a 90-minute grilling yesterday afternoon.

"Do I look stressed to you?" he asked waiting journalists, before disappearing into the Rome traffic on his scooter. Meanwhile it emerged last

night that Olivetti's influential London-based shareholders were instrumental in Mr De Benedetti's departure. The group held a meeting in London last week, chaired by Nomura Asset Management, at which it discussed Olivetti's deteriorating situation since the rights issue.

A spokesman for ING Barings Asset Management said that while it had not expressly asked for Mr De Benedetti's resignation, he and Olivetti's other directors were made aware of their unhappiness.

"Our position is fairly clear. Since the rights issue the company has not been in reasonable

contact with its shareholders."

Other fund managers understood to have taken up shares in the offer include PDM, Mercury Asset Management, Invesco and HSBC Asset Management. The lead manager on the rights issue was US investment bank Lehman Brothers.

Comment, page 21

## Luxembourg link in Morgan funds fraud

JILL TREANOR  
Banking Correspondent

Investigators believe that the fraud at the heart of the Morgan Grenfell unit trust scandal centred on a number of front companies which Peter Young, the fund manager suspended on Monday, used to buy up legitimate investments that went wrong.

It emerged yesterday that at least four unlisted Scandinavian investments of the funds are not in fact registered in Norway or Sweden, as Morgan had claimed, but instead are believed to be based in Luxembourg.

A search with the Norwegian equivalent of Britain's Companies House showed no record of Horizon Technology or Waferprod Holdings. In Sweden Catherineholm Holdings and Celltek Holdings similarly produced no records. Investigators believe that Luxembourg, a secret haven for many front companies, was the real base of the four funds.

The further evidence of the massive deception behind Morgan Grenfell Asset Management's losses of at least £180m came as Stewart Armer, a second fund manager at Morgan

Grenfell was suspended for breaching the company's rules on personal trading.

He is believed to be a bit player in the affair, and the irregularities were uncovered as investigators dug deeper into Morgan Grenfell's management of its funds.

Mr Armer, thought to be in his early 30s and an Oxford University graduate, was a bit player in the emerging story of the tangled web of companies. He was trading on his account,

permitted by Morgan Grenfell only if he used internal brokers, which he had not done.

At the same time the Serious Fraud Office is believed to be preparing to launch a criminal investigation of the Morgan Grenfell funds. A spokesman confirmed that Imro, the fund management regulator, had been passing information on the Morgan case.

Before George Staple, the SFO's head director, will open a formal investigation he needs

hard evidence which shows suspicion of fraudulent activity and is called in if the size of the fraud is greater than £10m.

Deutsche Morgan Grenfell, the investment banking arm of German banking giant Deutsche Bank has already taken court action to freeze Mr Young's assets, as evidence of deliberate and wide-spread fraud emerged over the last few days. Yesterday investors withdrew £112m from the £146m funds, well short of the £180m cash Deutsche has

pumped in, but financial advisers believe withdrawals could soar as high as 40 per cent today.

Many of the activities of Mr Young are interwoven with an Oslo-based broker called Fiba Nordic Securities, which sold unlisted securities to the three suspended funds.

It was probed by the Securities and Futures Authority as long ago as April when questions arose over a £70m private placement for oil extraction company Solv-Ex. The SFA, possibly tipped off by the US Federal

Bureau of Investigation, uncovered evidence of relevance to sister regulator Imro, which in turn alerted Morgan Grenfell Asset Management.

Set up in 1994 in London by a number of Scandinavian equities specialists who left well known firms such as Alfred Berg, Enskilda, Goldman Sachs and Hoare Govett, Fiba Nordic's roots lie in a listed company in Norway.

However, 90 per cent of its ownership is from its partners in its UK and Swedish offices while its Norwegian and US operations are wholly owned by the Norwegian listed company.

The London-based managing director is a newcomer, Stephen Chance, a Briton who joined from an investor relations company, and who failed to return calls yesterday.

"It's been very aggressive and very successful," said one source. It has built itself from nothing to the third largest broker of Scandinavian stocks in London.

Investigators are trying to determine whether there was collusion between Mr Young and Fiba Nordic, or if the broker was leading Mr Young into unusual investments or vice versa.

more serious than others". He said that in the case of Morgan Grenfell, Imro's "highest priority" lay in ensuring that investors were kept informed and that they did not lose out from the fall-out surrounding the three European funds, in which trading resumed yesterday.

"There may have been a deficiency in terms of the information sent out to investors but this is being remedied."

He said Imro would expect the company to have plans to deal with panic selling by many of the funds' 80,000 investors.

Philip Thorpe, chairman of Imro, said: "The question of PEPs is one that has been with us for a while. It appears that many firms have engaged in this business without taking care of their back office arrangements. I would classify this more as a technical offence. Fortunately, it is coming to an end."

While Mr Thorpe could not comment on specific investigations taking place at Imro, he said the regulator was looking at about 50 matters, "some

of which breach the 10 per cent ceiling for unlisted securities, even where some are said to be about to obtain a listing.

One case under investigation concerns an income unit trust whose managers are believed to have used a quarter of the fund to purchase shares in one company's stock just before a dividend was paid. The shares were sold at a substantial loss after the dividend payout.

Several of the unit trust companies whose funds are under investigation are briefing lawyers to defend them in anticipated disciplinary action over the coming months.

Lonrho yesterday put the planned £700m flotation of its Metropole and Princess hotel chains on hold after the conglomerate said it had received approaches from "a number of parties" interested in acquiring all or part of the businesses.

The announcement, the day before Lonrho was due to publish a prospectus detailing an international share offer, prompted analysts to draw up a list of potential bidders for the hotels.

Names in the frame included specialist resort operators in the US such as Renaissance, which

might be interested in the luxury Princess hotels, while the UK-based Metropole could attract the likes of casino group Stacks or Bass, operator of the Holiday Inns. Companies that might be interested in acquiring the whole operation include Millennium & Copthorne, whose own portfolio includes hotels in both Britain and the US, as well as the US-based chains Marriott, ITT Sheraton and Hilton.

But Sir Rocco Forte, who has been linked with the luxury Princess hotels in the US, ruled out an approach. "We are not interested in any parts of the Lonrho business," said a

spokesman. "We are a small, start-up team based in London with no plans to emigrate to the United States."

A Lonrho spokesman declined to identify the bidders but said both British and overseas parties had expressed interest in the hotels, with some looking at the entire group and others interested in parts of it. "The bids were definite enough for Dieter Bock [Lonrho's chief executive] to say we ought to evaluate them before committing to the sale of the entire group by flotation," he said.

A decision on the future of the hotels is expected to be made by the end of the month.

Analysts reckoned a trade sale of the Princess and Metropole chains en bloc was unlikely. They believe the most probable outcome would see the Princess chain sold, with Metropole floated as a separate entity.

Renaissance, operator of the Renaissance, New World and Ramada International hotels, is "standing at a very high multiple in the US," said Greg Feehley, leisure analyst at Kleinwort Benson. "That's a good time to do a rights issue."

Some analysts said a sale of the hotels would have to carry a premium of up to £150m to the estimated £700m market valuation.

Although the EU Commission has predicted that France will just hit the 3 per cent of GDP target for its government deficit, most other forecasters think lacklustre economic growth means the shortfall will be much bigger.

The French proposal has been criticised by analysts in the financial markets. Julian Jessop, European economist at investment bank Nikko in London, said: "What they are proposing is against the spirit of the Maastricht criteria. It should not be allowed by the European Commission, but it might well be."

The transfer of cash now in return for future pension payments meant the deal was equivalent to issuing government

## Cash deal may let France into single currency

DIANE COYLE  
Economics Editor

The French government will announce a huge transfer of funds to the general public purse from France Télécom in its forthcoming budget in a bid to scrape into the list of countries qualifying for the single European currency from the start.

The state-owned telephone company is to give the government £37.5bn (£4.7bn) in the next financial year in return for the transfer of its pension liabilities to the public sector budget before it is privatised.

The planned switch of funds from France Télécom is equivalent to 0.5 per cent of France's GDP and could be enough to make the difference between success and failure in the country's efforts to qualify for the single currency. Next year is the deadline for countries to meet all the requirements set out in the Maastricht Treaty if they want to join at the 1999 start date.

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debt, and not a real reduction in the deficit at all, he argued.

A spokesman for the EU's monetary affairs commissioner, Frenchman Yves-Thibault de Silguy, said the commission had not yet taken a definitive position on the planned transfer. Officials would make an objective decision on whether the proposal would reduce the French government deficit in a sustainable way, but not before Prime Minister Alain Juppé's government had presented the full details.

The French budget, due on 18 September, is widely expected to trigger another autumn and winter of unrest as the government tries to introduce expenditure cuts that will bring its deficit below the 3 per cent ceiling. But attempts to take liberties with the budget arithmetic are unlikely to go down well in the financial markets.

The news of the French move came as British businessmen issued a plea for the UK government to take a more active part in negotiations on the single currency. A group of leading industrialists warned yesterday that ruling out membership would put Britain at a competitive disadvantage.

The normally Euro-sceptic Institute of Directors agreed. Tim Melville-Ross, director general, said: "It would be quite wrong to rule out membership irretrievably."

Chancellor Kenneth Clarke fully supported the business plea. "We in Britain, as key players in this big European market, in our modern global economy, have got to be there playing a part and discussing it and making sure our patriotic British interests are defended," he told BBC Radio.

Comment, page 21



Book: Ordered the flotation be put on hold

## Lonrho hotel float on ice as buyers nibble

PATRICK TOOHAR

Lonrho yesterday put the planned £700m flotation of its Metropole and Princess hotel chains on hold after the conglomerate said it had received approaches from "a number of parties" interested in acquiring all or part of the businesses.

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STOCK MARKETS					
Index	Close	Day's change	Change (%)	1996 High	1996 Low
FT-SE 100	3887.20	+14.50	+0.4	3918.70	3632.30
FTSE 250	4405.70	+0.70	+0.0	4568.60	4015.30
FTSE 350	1945.20	+5.80	+0.3	1980.50	1816.80
FT Small Cap	2167.00	+2.25	+0.1	2244.36	1954.06
FT All Share	1922.55	+5.44	+0.3	1936.24	1791.95
New York	5636.55	-20.30	-0.4	5778.00	5032.94
Dow Jones	20379.82	+177.95	+0.9	22866.80	19734.70
Nikkei	11040.51	-36.44	-0.3	11594.99	10204.87
Hong Kong	2529.54	-2.85	-0.1	2583.49	2253.36
Frankfurt					

Source: FT Information

INTEREST RATES					
Index	1 Month	3 Months	6 Months	1 Year	2 Year
UK	5.69	6.00	7.80	7.92	8.02
US	5.34	6.25	6.95	6.22	7.13
Japan	0.5	0.72	3.02	2.91	-
Germany	3.06	3.21	6.37	6.62	7.13

BOND YIELDS					
Index	1 Month	3 Months	6 Months	1 Year	2 Year
UK	5.69	6.00	7.80	7.92	8.02
US	5.34	6.25	6.95	6.22	7.13
Japan	0.5	0.72	3.02	2.91	-
Germany	3.06	3.21	6.37	6.62	7.13

CURRENCIES					
Index	1 Month	3 Months	6 Months	1 Year	2 Year
US	1.5679	+0.24c	1.5514	0.6378	-0.10
DM	1.5685	+1.00c	1.5497	0.6384	-0.41
Yen	2.3280	+0.78c	2.2884	1.4848	-0.25c
£	171.076	+0.904	152.720	109.115	+0.41
¥	85.8	+0.2	84.9	86.3	+0.1

OTHER INDICATORS					
Index	1 Month	3 Months	6 Months	1 Year	2 Year
Oil Brent	22.07	-0.16	16.64	152.4	+2.20c
Gold	386.15	+0.25	381.85	107.9	+0.40c
Gold E	246.28	-0.22	246.14	Base Rates	- 5.75pc

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## business

## Arjo Wiggins suffers pulp friction

## THE INVESTMENT COLUMN

EDITED BY MAGNUS GRIMOND

Profits at nearly all large paper companies have crumbled this year as customers destocked in anticipation of lower prices, which duly arrived, shredding margins in the process. Invariably the main culprit cited is pulp, the basic raw material for paper-makers, where prices have halved to \$500 a tonne in just six months.

As one of the world's biggest net buyers of pulp, such a development ought to have benefited Arjo Wiggins Appleton, but life is never that simple at the troubled Anglo-French paper group. When pulp prices are rising—as they did throughout last year—Arjo finds it hard to pass on the higher costs fast enough. When they collapse—as they did in the first half of 1996—demand for its products follows.

Cob Stenham, Arjo's chairman, describes the last 12 months as the worst since the group floated six years ago. European manufacturing, which takes in carbonless, thermal, coated, fine and specialty papers, lost \$6.3m in the first half. But yesterday's 76 per cent setback in group profits, flagged in a string of recent profit warnings, cannot be solely blamed on market conditions.

Arjo is horribly exposed to the mature carbonless paper market, which has been clobbered by the rise of the laser printer and the growth in electronic systems, while thermal fax paper, another leading Arjo grade, is threatened by the shift to plain-paper copying. Small wonder that these two activities in Europe, which reported a "substantial" if unquantified loss in the period, are bearing the brunt of a £121m strategic review involving several mill closures and a 7 per cent headcount reduction.

It is too early to tell whether the cost-cutting, instituted by the previous chief executive Alain Soulas, is too little too late. In the meantime, Arjo can thank its lucky stars that Appleton, its US operation, continues to outperform the rest of the group, even if the half-time profit contribution from North America fell to \$39.5 from \$61.6m. Arjo's new chief executive, Philippe Boylier, is keen to integrate Appleton further into the group, a long-overdue move given the increasingly global nature of paper markets.

Arjo has also expanded into less cyclical paper merchandising, but it suffered a big strategic blow last year when it was outbid for coated paper producer SD Warren. Profits of about £130m this year would put the shares, down 5p at 181.5p, yesterday, on a forward p/e ratio of almost 20.

Although Arjo says the extended period of destocking is over and order books are better, it admits the eco-

nomic outlook, especially in Europe, remains unexciting. The same can be said for the shares, unless the French food group Saint Louis puts its 40 per cent stake into play.

## Vickers fires on three cylinders

Vickers has found it difficult to fire on all four cylinders at once of late. Just as it sorted out the recession-ravaged Rolls-Royce luxury cars arm, Vickers' medical equipment division ran into the squeeze that has hit health spending on both sides of the Atlantic in the past few years.

Yesterday's half-year figures to June show that the group is still finding it difficult to keep all the plates in the air. Pre-tax profits rose 18 per cent to £31.8m in the period. But that hid a slightly disappointing result from the automotive division, which, encompassing Rolls-Royce and the Cosworth high-performance engine business, still remains overwhelmingly the biggest

part of the group. Vickers' chief executive, Sir Colin Chandler, who is to take on the chairman's role next year, describes 1996 as a year of consolidation and, to be fair, some of the dip in automotive profits from £14.8m to £13.5m should represent an investment for the future. Group capital expenditure is up a chunky 30 per cent and research and development spending ahead by 10 per cent in the first half, with much of it devoted to developing a replacement for the current "bread and butter" four-door Rolls and Bentley models.

Sales of these bottom-of-the-range models managed a handy 26 per cent rise in the latest period, but the margin suffered as fewer of the seriously wealthy ordered cars in the £250,000-plus bracket. Elsewhere, the picture is brighter. Management changes, new diagnostic products and rationalisation are starting to turn round the medical side, which saw its losses cut from £2.2m to £200,000 in the period.

The glitches holding up the £1.5bn British Army order for Challenger 2 tanks also seem well on the way to resolution, providing a solid base for the

defence side up to 2000. Lying on the cake should be provided by potential tank orders from the Middle and Far East.

With minimal gearing, Vickers has plenty of firepower to build up its smaller divisions through acquisition. But, assuming profits of around £79m this year, the shares, down 11p at 260.5p, are high enough on a forward multiple of 17.

## Molins packs a mighty punch

Molins, the cigarette making to packaging machinery group, has been a sterling performer over the past few years: profits and share price have more than doubled since 1991. However, the shares have eased since reaching an all-time high of £10.37 in April and a cautious statement with the half-time figures sent them down another 10p to 896.5p yesterday.

But the growth story remains intact. Pre-tax profits stormed up another 20 per cent to £13.6m in the six months to June, on a similar rise in sales. In the core tobacco machinery business, profits 27 per cent ahead at £11.6m, owed much to Molins' early move to establish itself in the huge Chinese market in the 1980s. Its plant in Buckinghamshire has been running flat out to fill orders from the country won last year. Those have dropped back to more normal levels as competitors have caught up with Molins, but order books remain full well into next year.

The other area of caution is in the much smaller corrugated packing machinery operation, which has also been riding on the back of strong demand. Order intake is slowing as this notoriously cyclical industry starts to turn down. Molins is taking action to secure the future of the business by combining its two US factories and expects the £2m cost taken in these figures to be paid back within 12 months.

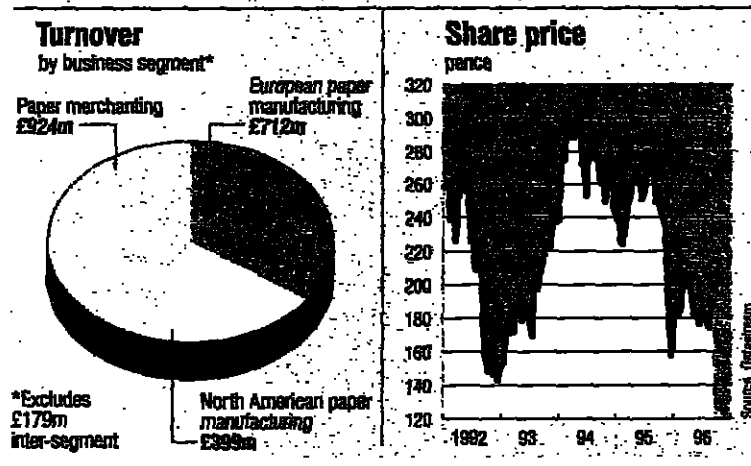
The group boasts strong market positions in cigarettes and boxes, its biggest hope for future growth lies in the fledgling packaging machinery division. Profits there cut from £1.8m to £800,000 in the half-year reflected hefty spending on developing new products. The promise of this business is that it can piggyback on the existing manufacturing, sales and marketing infrastructure for the tobacco machinery operation.

The shares may mark time, but, based on full-year profits of £34m, they remain a firm hold.

## Arjo Wiggins Appleton: at a glance

Market value: £1.49bn, share price 181.5p

Five-year record	1993	1994	1995	1996	Half-year
Turnover (£m)	122	217	333	353	323
Pre-tax profits (£m)	122	217	333	353	323
Dividends per share (pence)	6.50	7.25	7.50	2.90	2.90



## Granada sells off textile rentals business for £136m

MATTHEW HORSMAN  
Media Editor

Granada yesterday took to £350m the amount it has raised from disposals since its £3.9bn purchase of Forte earlier this year, announcing the sale of its textile rentals business, Spring Grove, to the Davis Services Group for £136.5m.

Taking together the sale of Forte's White Hart hotels, Granada's bowling centres, Budget Travel in Ireland and a 16 per cent interest in Independent Television News, Granada is about a sixth of the way toward selling off up to £2bn worth of assets, in a bid to reduce the high debt it took on to buy Forte.

Charles Allen, chief executive, said the sale was part of "a summer tidying-up exercise," but declined to say what other non-core assets, other than the previously announced motorway and hotels operations, had been put on the block.

It is understood, however, that Granada's small theme park holdings, including Camelot, and some nightclubs have also been earmarked for disposal.

A significant further step in the sell-off is likely to be taken by December, with the sale of 17 Exclusive Hotels for more than £1bn. Would-be buyers have now been invited into the deal rooms at Lazard Brothers to look at the financial information in detail.

Also to be sold, although not until early next year, are the Welcome Break motorway service operations inherited from Forte, under terms reached with the Office of Fair Trading.

The sale is likely to be delayed because Granada is unwilling to pay a portion of the gains on the sale to Whitbread, to which Forte had agreed to sell the chain as part of its scorched-earth defence late last year.

The "lock-out" provision between Forte and Whitbread,



Seller: Charles Allen has raised £350m from disposals

which included a promise to pay out a share of the gains if Welcome Break went to a third party, runs out 31 December. A sale could come earlier, however, if Whitbread agrees to buy the chain and rip up the lock-out agreement.

Spring Grove was acquired just three and a half years ago, as part of Granada's purchase of Sutcliffe Services from P&O. In the year to 30 September 1995 the company had pre-tax profits of £11.6m and net assets of about £53m.

Davis Services, the quoted textile rentals concern, specialises in laundry and linen rentals and was attracted by Spring Grove's greater strengths in workwear rentals. The sale includes Spring Grove's Sunlight Service and HSS Hire Shops, the tool and equipment rentals division.

"This is an excellent fit for our business," a spokesman said yesterday.

Davis will pay for the acquisition through a proposed one-for-three rights issue at 215p per stock unit, to raise about £71.5m. By the end of the year, the company expects gearing to settle at about 65 per cent.

The City has approved of Granada's progress so far, although some analysts are beginning to suggest that the television arm could be a candidate for a separate listing in the future.

A Granada insider insisted last night: "It is our intention to continue to manage the assets we have."

"If circumstances change in the future, then of course it would be our fiduciary responsibility to consider the best interests of shareholders."

## First-half slide at Royal &amp; Sun Alliance

NIC CICUTTI

Royal & Sun Alliance, the newly merged UK composite insurer, yesterday reported a slide in first-half pre-tax profits, but added that it was on target to achieve full integration of the two companies by 1998.

The company said it expected to cut £175m in annual costs by then, which it would achieve by making up to 5,000 staff redundant, mostly in the UK.

Royal & Sun said pro forma interim operating profits were

£450m, down from £514m separately achieved by both companies at the same time last year. It blamed the dip in profits on a £94m rise in world-wide weather losses.

It added that it expected household and motor premiums to stabilise and even rise slightly by the end of this year, bringing to an end almost two years of steady falls in the cost of insurance. However, commercial lines, based on individual pricing, remain a keenly contested area of the market.

Nick Bunker, insurance analyst at ABN Amro Hoare Govett, said: "These figures are significantly better than expectations. The UK commercial lines account has been much better than I thought."

Roger Taylor, executive deputy chairman at Royal & Sun, said the two companies had made rapid progress in integrating the two groups, creating the UK's biggest insurer with a £5.4bn capitalisation.

Richard Gamble, group chief executive, said the merger

would result in more widely-spread profit sources, with the group less dependent on any one area of the world or any one product line.

General insurance in the UK will contribute £110m total annual cost savings already announced, with a further £25m coming from the life side.

"There will obviously be major savings on accommodation," Mr Gamble said. "There will be a reduction in marketing costs, while information technology development will

be a big item, where both companies are at the moment developing [separate] IT systems."

The company has announced that it will close 94 branch offices with the loss of around 300 jobs. A further 1,000 jobs will go at head offices in Liverpool and Horsham, near London.

But Mr Gamble said it was not possible to predict exactly where other job losses would come from, beyond the fact that they would be nationwide. The total cost of restructuring will be about £175m.

## Digital TV boosts profits at Pace

MATTHEW HORSMAN

Pace Technology, the fast-growing satellite receiving equipment manufacturer, is one of four or five companies on a shortlist to supply digital television set-top boxes for BSkyB's planned digital satellite service, it emerged yesterday.

The contract would give Pace an added boost in the digital television market—already responsible for more than half of the company's sales by value.

The news emerged as Pace announced pre-tax profits of £18.2m, up 442 per cent year on year, on the strength of its first foray into the manufacture of set-top boxes for digital television.

It is supplying big broadcasters in Australia, Italy, the Middle East, South Africa, Thailand, the Netherlands and Indonesia. Sales rose by 96 per cent to £196m, with margins staying relatively steady at just over 23 per cent.

Barry Rubery, joint chief executive, said the results were in line with expectations, "and reflect the step change in profits following the launch of our digital product last summer."

He added that Pace's business plan did not include any reliance on digital sales in the UK, and that the introduction of BSkyB's digital satellite service from 1997 would be in addition to expected sales from European and Third World markets.

The company is also in late-stage negotiations with several US cable companies about supplying a digital cable set-top box. This could be introduced in the UK if the cable industry elects to follow BSkyB into the digital market.

Pace is already working on two digital cable field trials in the UK, with two large operators, including Telewest, the market leader.

Mr Rubery said that the company's expansion would be based on finding the right "strategic partners" in different markets, to ensure that Pace incorporated the conditional access technology likely to win consumer favour.

A deal with General Instruments, a leading set-top box manufacturer, has been rumoured, although Mr Rubery declined to comment. A deal with BSkyB would boost Pace's digital roll-out world-wide.

Which is the only airline to offer a

daylight

service from New York to London Gatwick?

## Will it be Bermuda, Barbados, Acapulco? Sorry, the freebie's off

## CITY DIARY

JOHN WILLCOCK

There are long faces around the dealing floors today. Analysts that follow Lombaro are agast that following the pulled flotation of the Princess Metropole hotel group, a lavish overseas beano for analysts this weekend has also been indefinitely postponed.

The City scribbles were due to be flown out to a luxury Princess hotel in Phoenix, Arizona, with other Princess hotels in the Caribbean also pencilled in. Analysts were packing the sun-tan oil as they eyed Princess's roster of hotels in Bermuda, Barbados and Acapulco.

But for now—no float, no freebie. Instead of frolicking in the sun-kissed surf it looks like the scribbles will have to make do with *Match of the Day* and a take-away.

It is an open secret that Granada is interested in buying Yorkshire-Tyne Tees. How interesting, then, that Duncan Lewis, Granada Media Group's chief executive, together with the company's chief operating officer, Steve Morrison, and colleagues, should gather in Leeds for a strategy session.

Leeds is squarely in the Yorkshire-Tyne Tees heartland. Strangely, the Granada team eschewed the local Granada-owned Forte hotel, the Queens, in favour of a rival, Halleys.

According to people close to the Yorkshire-Tyne Tees, the only hotel they could find at short notice within striking distance of the Manchester headquarters of Granada.

The group was spotted ogling the Yorkshire head



Not for the high jump: Analysts miss out on Acapulco

office whilst driving their Jaguar, no doubt sizing up their prey.

What they did not know is that Halleys is home from home four days a week for Bruce Gynge, managing director of Yorkshire-Tyne Tees, who said he enjoyed nipping through the flip charts in the hotel dustbin that night.

Peter Harrison, chief executive of Molins, is determined his company should be remembered for more than cigarette rolling machinery. For those of you new to the story, Mr Harrison is spearheading the introduction of tetrahedral tea bags.

Forget round bags, let alone square ones. The future is tetrahedral. Giant models have been exhibited in fields in Cornwall. Now the real bags are on shop shelves, full of Brooke Bond tea leaves. Mr Harrison is proud that one of the largest consumers is Molins' own head office. So, will this revolutionise the drink habits of the Great British public? Mr Harrison responds: "What we can say is, we use the tea bags in our office and they do make a good cup of tea. And a lot quicker too."

The economics team at HSBC, headed by Roger "Inflation is Dead" Bootle, and that of James Capel, headed by Keith "Nice" Skeoch, was merged into one unit this spring.

According to insiders, the experiment has failed, and the HSBC and Capel teams are being demerged.

The £25m plant outside Berlin ran into technical problems as it was being shown off to journalists. A paper reel supplying plasterboard liner snapped, resulting in 15 minutes of downtime.

"These things happen from time to time," an embarrassed executive of BPB's German subsidiary explained. "It's what gives managers grey hairs."

According to the bank, they were never merged in the first place. How puzzling.

The word amongst economists soothsayers is that the two teams simply couldn't work together. For example, in contrast to Bootle's oft-trumpeted belief that UK inflation is a thing of the past, Skeoch's team was much more sceptical.

You will be reassured to know that Dr Martin Read, chief executive of computer consultants Logica, and his colleagues are keeping their eyes peeled on Britain's potato crop.

Logica has launched a "spuds in space" project, which will use satellites to monitor UK farmers' production of potatoes for the Potato Marketing Board. The board needs to know that farmers are not fiddling the number of spuds they claim they are growing when it calculates the levies it will charge them.

BPB Industries is the British plasterboard maker headed by a Frenchman, Jean-Pierre Cuny, which is expanding its German operations, which are run by a Dane. This week BPB opened the biggest and most modern plasterboard factory in Europe.

The £25m plant outside Berlin ran into technical problems as it was being shown off to journalists. A paper reel supplying plasterboard liner snapped, resulting in 15 minutes of downtime.

"These things happen from time to time," an embarrassed executive of BPB's German subsidiary explained. "It's what gives managers grey hairs."





COMMENT

The recriminations will be long and bitter. The London sponsors to the rights issue, Lehman Brothers, certainly have questions to answer.

# Italian lesson in the risks of foreign investment

Dropping investment dangers in Europe seems to have become all the rage among supposedly hard-nosed City professionals. Hard on the heels of Morgan Grenfell's magical mystery tour of the Norwegian fjords comes the astonishing news that London-based investment funds may hold as much as 40 per cent of Olivetti, the troubled Italian computer giant. Until the auditors pronounce, we won't know quite how bad things are at Carlo de Benedetti's flagship company, but judging by the storm clouds gathering over its Milan headquarters, they could hardly be worse.

Having survived the "tangentopoli" (the Italian bribes-for-contracts scandal) largely untouched, Mr de Benedetti now stands accused of one of the oldest business scams of all - cooking the books. Ten of Olivetti's largest London-based investors, including Barings Asset Management, last week wrote to the company complaining of a lack of information, direction or strategy. The result was Mr de Benedetti's resignation. For a brief moment the shares looked like celebrating but then the chief operating officer quit too, complaining that the £180m half-year loss was a sham.

At this point the saga took on aspects of high farce. "The man's mentally unbalanced," claimed other members of Olivetti's board. "Do I look like someone who's suffering from stress?" Renzo Francesconi said after a meeting with regulators yesterday before disappearing on his scooter into

the busy Rome traffic. Stressed or not, Mr Francesconi has made the allegation and the markets seem prepared to believe him. There can be no question of another bailout after the recent \$1bn rights issue - not by investors at any rate. There are still good bits left in Olivetti, notwithstanding its bombed-out personal computer business, but if things are as bad as Mr Francesconi paints them, shareholders are never going to see this value realised.

The recriminations will be long and bitter. A rash of litigation seems certain. The London sponsors to the rights issue, Lehman Brothers, certainly have questions to answer. As for Olivetti's hapless London investors, they plainly fall into a quite different category from that of Morgan Grenfell's Peter Young. They just made a bad investment. But the lesson is much the same. Investing in poorly regulated overseas markets about which Brits know little and because of low standards of disclosure are able to find out even less is hazardous.

## Car makers have a solution on their plates

The annual August car sales binge, a phenomenon driven largely by the desire of private motorists to ensure their driveway is the first in the street to boast the new registration letter, has long been a double-edged sword for the motor industry.

On the one hand it guarantees bumper sales which, with a following wind, will set the scene for a buoyant market through to Christmas. On the other, manufacturers have the pain and expense of having to build and stock a quarter of their annual production and then shift it in just 31 days.

This year the industry has borne the usual pain but the reward has not been forthcoming. Even though August sales were the second-highest on record they did not live up to dealers' expectations, despite massive promotional campaigns. That has provided more than enough ammunition for the industry to bang on the Government's door calling for a change.

The car makers are mainly to blame for their current predicament since it was they who suggested that the year identifier be changed from January to August after discovering that drivers were not keen on trudging through snow to buy a new motor. Nevertheless, the system is clearly a mess. Nobody likes the idea of changing number plates once a year in the middle of summer except the police who find it handy for catching the villains. What most people at the scene of a crime remember is not the make of car but its colour and letter prefix.

The problem lies in what to replace it with. The Department of Transport is about to publish a consultative document listing a range of options. The one preferred by the industry is to move to quarterly changes in the letter identifier. The problem with this

is that the alphabet will be used up four times more quickly unless double lettering is introduced - perhaps one letter at the beginning to denote region and the other at the end to denote year.

That sounds like a recipe for an even bigger mess, serving neither to promote the cachet that comes with owning a new car nor the legitimate interests of the police. They may do a lot of things strangely in Italy but wouldn't it be better to follow the Italian example and attach the number plate, not to the car, but the driver, who then carries it for life from car to car?

## Bending the rules of the Maastricht game

Why is something that is perfectly obvious to the French so hard for many of the British to get their minds around?

France is going to have a little difficulty meeting the rules for joining the single currency laid down in the Maastricht Treaty. Its government deficit is too big. The forthcoming budget will therefore try to rein in spending. But, as a little extra insurance, the French government has arranged for an extra injection of funds.

The terms of the deal with France Télécom almost certainly do not meet the spirit of the Maastricht Treaty. In a company, it would be called creative accounting of the worst sort. But the EU Commission will

almost certainly give it the go-ahead. The French are consummate Brussels insiders; there can be little doubt that they will get the re-interpretation of the Maastricht rules they want. A way will also be found to accommodate Ireland, which looks as if it will miss at least one of the Maastricht criteria. It seems that provided you are committed, the rules don't much matter.

The British, by contrast, see rules as rules. Or at least, politicians and officials seem to. The eminent industrialists who have complained that Euro-scepticism threatens the UK's competitive position have understood that the single currency is still under negotiation. The rules are still fluid for they have not yet properly been set. There is no need to take them or leave them.

The possibility that Target, the payment system for euros, will exclude London banks, illustrates the point. The Bank of England's negotiating position has been weakened by the French and German perception that Britain is not engaged in a serious dialogue about the form monetary union will take. So it will take a form unhelpful to the City.

Unless John Major does the inconceivable and backs his Euro-philic Chancellor, the government will have lost the chance to mould the single currency. After the election it will be too late to give EMU a British as opposed to a Gallic or Germanic shape. If eventually we are forced to join it, as seems all too possible, it will be like the common market - on someone else's terms.

# High-street boom 'not a return to the late 1980s'

DIANE COYLE  
Economics Editor

Spending on the high street last month was the most buoyant since November 1988, at the height of the Lawson boom, according to a survey published yesterday.

The Confederation of British Industry played down the parallels with the late 1980s, saying there was no need for the Chancellor to clamp down by raising interest rates.

Alastair Eperon, chairman of the CBI's distributive trades panel, said: "We are not seeing

the 1980s boom conditions here at all. Consumers are still being very careful and still shopping around."

Even so, a higher proportion of retailers reported price rises than at any time since May 1993, while employment rose at the fastest rate since 1989. Prices were higher across the board.

Mr Eperon said the price balance remained low by historical standards. "Evidence from retailers suggests that the reported pick-up in selling prices is from a low base and reflects earlier cost increases," he said.

The 53 per cent balance of firms reporting a year-on-year increase in sales was significantly higher than in July, although boosted by depressed sales last August. Retailers expect a further advance this month.

Volume increases compared with a year earlier were strongest in clothing and footwear and housing-related stores. In furniture and carpets, the balance leapt to 100 per cent, with every respondent to the survey reporting an increase in sales.

Some economists found in these figures a strong echo of the last boom. Robert Barrie, at

brokers BZW, said: "We didn't see it coming in the late 1980s. The fact that most of us are not forecasting it now does not mean it will not happen again."

He said the survey suggested the labour market would start to tighten and cost pressures would increase.

Interest rates remained unchanged yesterday after Wednesday's monthly meeting between Chancellor Kenneth Clarke and Eddie George, Governor of the Bank of England.

Separately, Adair Turner, director general of the CBI, warned the Chancellor against using spending cuts to finance budget tax cuts.

"The one thing that isn't so good about the short-term outlook is the state of public finances," he told CBI Scotland's annual dinner in Glasgow.

"Public borrowing forecast for next year, even before any tax cuts, will still be at the level where national debt rises as a percentage of national income. Borrowing has to be kept on a steady downward path, not allowed to slip and then be corrected with a jolt later."

Separate figures showed a dramatic decline in the number of receiverships and administration orders last month, according to accountancy firm Deloitte & Touche. There were 122 orders during the month, 34 per cent down on July and 29 per cent below the level a year earlier. The biggest drop was in London and the South-east.

# Grand Met clears out the pantry

NIGEL COPE

Grand Metropolitan has begun a clear-out of its lesser known European food brands in order to concentrate on market leaders such as Pillsbury, Haagen-Dazs, Old El Paso and Green Giant.

The company sold its Erasco food business in Germany yesterday to the Campbell Soup company of the US for £140m. It has also hung the "for sale" sign over a raft of under-performing names which include Shippans pastes, Memory Lane cakes, Fleurs de Lys in the UK and Brassard in France and Germany. These businesses are expected to fetch an additional £80m-£100m though some analysts say they could yield as much as £150m.

GrandMet Foods Europe will be renamed Pillsbury Europe from the beginning of October and its headquarters will be relocated from Paris to Unbridge.

The move is part of a strategic review of the group's European food business by Paul Walsh, chief executive of the



George Bull: Selling off under-performing names

of £600m. In the six months to March it made profits of £7m on sales of almost £400m.

Grand Met, whose chairman is George Bull, said it expected to sell most of the businesses along with the Pearle opticians division by the time of its full-year results in December. Pearle is forecast to raise around £150m-£140m.

Erasco, which is the market leader in canned and ready-made soups in Germany, made operating profits of £14m last year on sales of £150m. The food disposals will require a goodwill write-off of £220m.

Grand Met financial director Gerald Corbett said the businesses were being sold as they were lower-margin businesses that were not market leaders in their sectors. "We decided we should free up resources to focus on our major brands," he said.

"The European food industry is extremely competitive and not very profitable. By comparison, the US food industry has higher margins, less own-label penetration and less powerful retailers."

Mr Corbett said the group had already received several expressions of interest for the food businesses.

The funds raised are likely to be used to pay down Grand Met's £2.9bn debt pile though, it will also be able to concentrate marketing spending behind its major brands. Mr Corbett ruled out a significant acquisition.

The streamlining of the Grand Met portfolio met with approval in the City. John Spicer of SBC Warburg said: "It is not a big surprise but we are happy that they are doing it. It [the European food business] was really a conglomerate of small, national businesses. They haven't really gone anywhere for the last few years and it would have been difficult for them to expand."

The disposals would leave only Burger King as the one remaining candidate for sale. Though the company insists there are no plans to sell the business, there has been consistent speculation that a spin-off is likely. Grand Met shares rose 2.5p to 471.5p.

# Call to smooth out car sales

MICHAEL HARRISON

Motor industry leaders yesterday called for urgent changes to the car registration system after official figures confirmed that the new August P-prefix on number plates failed to produce the hoped-for surge in sales to half a million.

Figures from the Society of Motor Manufacturers and Traders showed that car sales last month rose by just 2.2 per cent on August 1995 to 479,407, largely due to lower-than-expected interest from private buyers. The figure compared with expectations that the August market would hit between 485,000 and 500,000.

SMMT's chief executive, responding to the disappointing figures by calling on the Government to change the current registration system whereby the new year identifier is introduced every summer.

The Department of Transport is about to publish a consultative document setting out a range of options. The one favoured by the motor industry is to move to quarterly changes in the prefix to smooth out car sales through the year.

The call was backed by the director general of the Retail Motor Industry Federation, Christopher Macgowan, who forecast that unless the system was changed August would be accounting for 30 per cent of

annual sales by the end of the decade.

Mr Thompson said that a change in the registration system would reduce the industry's costs and allow customers greater freedom to choose when to buy.

August is traditionally the month when private buyers come out in force. Although they accounted for 57 per cent of sales last month - the same as in August the previous year - the retail market overall grew by less than 1 per cent compared with a 20 per cent rise in July.

Imports took just under 63 per cent of sales compared with 60.6 per cent last year. Ford held onto market leadership with 18.7 per cent.

# BSE scare eats into profits at Hillsdown

NIGEL COPE

The BSE scare on beef knocked £3m off half-year profits at Hillsdown Holdings, the Typhoo tea and Chivers jam food group chaired by former defence secretary Sir John Nott. The scare resulted in cancelled orders and stock write-offs of £2m. Other parts of the business, such as meat canning, were also affected.



Greener: Not optimistic about an improvement

June. This compared with a £68m loss in the same period last year, which was caused by a goodwill write-off of £142m on the disposal of its stake in Maple Foods of Canada.

Earnings per share fell as the raft of acquisitions Hillsdown has conducted since January was not enough to make up for the loss of the Maple Leaf contribution. The Hobson foods business, which was acquired for £121m in January, has yet to make a contribution.

The company ruled out any large acquisitions, saying it would concentrate on integrating the five businesses acquired since the start of the year.

Chilled foods saw profits fall after a poor performance in Germany, where profits halved. The company blamed the weak German economy and pricing pressure from retailers.

The company declined to comment on whether it might sell its Fairview house-building division and its two furniture businesses in order to concentrate on food. Fairview, which builds starter homes, saw a 12 per cent increase in sales though profits fell by 10 per cent due to the higher cost of land. Hillsdown said it expected a better performance in the second half.

Commenting on the group outlook for the rest of the year, Sir John said: "There is still a long way to go but, subject to the fourth quarter on which a great deal depends, we see no reason why the encouraging trend should not extend to the full year."

## IN BRIEF

• German GDP increased significantly in the second quarter, climbing 1.5 per cent after a 0.5 per cent decline in the first quarter. A big increase of 0.9 per cent in consumer spending and a recovery in construction from its winter slump explained the higher-than-expected growth. However, the picture of steady economic recovery was obscured by a surprise increase in unemployment. There was a pan-German rise of 14,000 in the number without jobs last month, leaving the unemployment rate unchanged at 10.2 per cent.

• Chrysalis, the music and film company, pulled the plug on its film production and distribution arm, citing difficulties in competing against US independents that are now part of giant, multi-national companies. "If I thought it was going to work even in the medium term, I would have stuck with it," Michael Pillsworth, chief executive of Chrysalis Filmed Entertainment, said. He added that the company would keep its 49 per cent stake in Scala Productions, a leading UK distributor. The closure will have "no financial effect" on the company's current year results, he said.

• Smiths Industries, the last FT-SE 100 company to be audited by a firm outside the accountancy profession's Big Six, plans to transfer the audit from Clark Whitehill to Price Waterhouse. Clark Whitehill, which will jointly audit the 1997 accounts with PwC, stressed that it had prepared for the loss of Smiths and other large clients by focusing on smaller businesses.

• Cookson, the specialist metals to ceramics group, unveiled a £25m cost-cutting programme as it warned of a mixed outlook for the second half. The group said the streamlining plan would be implemented over the next few months, with the aim of generating a payback within two to three years. Profits were £69.2m in the half year to June, down from £81.2m before, hit by a £16.1m loss on disposals. The interim dividend rises 11 per cent to 3.9p.

• Frost Group, the UK's fourth-biggest forecast operator, has seen average volumes slump by 40 per cent so far this year as it fights to retain margins in the face of the petrol price war. Pre-tax profits crashed by a third to £3.8m in the six months to June. The group claimed it would be the only profitable company in the market this year if nothing changed in the second half. The latest price increase appears to be holding, it added.

• Claremont Garments, the Marks & Spencer clothing supplier, is considering closing its plant in Glasgow, threatening up to 700 jobs. The company said it may switch production to its other plants in north-east England. Claremont is discussing the issue with the GMB union and has agreed to look at other possibilities.

• Leeds Group's shares crashed 31 per cent to 137.5p after warning that full-year pre-tax profits would be significantly below the £7.5m made in 1995, due to further deterioration in the fashion clothing sector. The problem has been exacerbated by increasing cheap imports and the depressed retail sector on the Continent.

• Cheltenham & Gloucester, part of Lloyds TSB, has shaved its standard variable mortgage rate from 6.9 to 6.85 per cent with effect from Monday for new borrowers and, probably, next month for existing customers. C&G has also withdrawn its discount mortgages.

# 2 for 1 Comedy Tapes Offer



## THE INDEPENDENT

Today is the final day of our 2 for 1 comedy tapes offer in conjunction with Laughing Stock. We are giving you the chance to buy up to 20 audio comedy cassettes on a 'two for the price of one' basis. Two double cassettes cost £8.99, two single cassettes £6.99, or choose one of each for just £7.99. All of the prices include postage and packing. Our list includes some of the country's top comedians from Paul Merton, Eddie Izzard and Jo Brand, to timeless classics such as Tony Hancock and Peter Cook. So next time you're sitting in rush hour traffic, say goodbye to road rage and have a good laugh instead.

### How to Apply

To obtain your two audio comedy cassettes for the price of one, simply collect three differently numbered tokens from the seven we have published in The Independent and the Independent on Sunday. Today we print the last token, Token 7, plus the final order form.

Send your tokens, together with a completed order form and cheque, to the address shown. With your three tokens you can order as many cassettes as you wish in multiples of two. Photocopies of tokens and order forms are not acceptable.

Please allow 28 days for delivery from the date of your order. No responsibility will be accepted for delays caused by industrial action within the postal service. Orders must be received by 30 September 1996. Cassettes are subject to availability. The offer is available in the UK and Republic of Ireland only. If you have any queries concerning receipt of

your order, please call our helpline on 0181 699 9922. Please make cheques payable to 'Independent Comedy Offer' and send your order to: Independent Comedy Offer, P.O. Box 3763, London SE23 2DQ.



## INDEPENDENT ORDER FORM

Please complete this section in BLOCK CAPITALS, including postcode. This will be used to send your tapes.

Title (Mr/Mrs/Ms) Initial..... Surname.....

Address.....

Postcode..... Tel.....

Please tick in the box next to the title of the comedy tapes that you wish to order. Don't forget that you get two tapes for the price of one so make sure you tick an even number of boxes. After making your selections count the number of boxes you have ticked and divide it by two to work out how many you need to pay for. Offer closes 30 September 1996. Please print your name and address on the back of your cheque. The offer is subject to availability.

Double cassettes - No. ordered..... x £8.99 = £  
Single cassettes - No. ordered..... x £6.99 = £  
1 Double, 1 Single - No. ordered..... x £7.99 = £

Total value of cheque/postal order £.....

Please send a cheque or postal order made payable to 'Independent Comedy Offer' with 3 tokens plus the order form to: Independent Comedy Offer, P.O. Box 3763, London SE23 2DQ.

From time to time Newspaper Publishing and Laughing Stock may send you information on further special offers. If you do not wish to receive this, please tick the box.

DOUBLE CASSETTES - 2 FOR £8.99		SINGLE CASSETTES - 2 FOR £6.99	
<input type="checkbox"/> Eddie Izzard 'Unrepentant'	<input type="checkbox"/> Barry Fryer 'That Naughty Me'	<input type="checkbox"/> Sean Hughes 'Sean's Tape'	
<input type="checkbox"/> Gordon Brittas 'Sharing the Dream'	<input type="checkbox"/> Various Inc. Lily Tomlin, Stephen Fry 'Just for Laughs'	<input type="checkbox"/> Roy Brierley 'Winston Wooty Four'	
<input type="checkbox"/> Paul Merton 'My Struggle' (HarperCollins)	<input type="checkbox"/> Frankie Howard 'Frankie's on'	<input type="checkbox"/> Greg Proops 'Tim'	
<input type="checkbox"/> Jo Brand 'Double Helix'	<input type="checkbox"/> Jannetty International 'The Best of the Best'	<input type="checkbox"/> Tony Hancock 'The Head Down and the Radio Show'	
<input type="checkbox"/> Rowan Atkinson 'Mr. Bean'	<input type="checkbox"/> Michael Bentine 'The Original Goo'	<input type="checkbox"/> John Bird and John Fortune 'Long Johns'	
<input type="checkbox"/> The Madhead Shakespeare Company 'Radio Show Vol 1'	<input type="checkbox"/> Peter Cook 'Anthology 1962 - 1989'		
<input type="checkbox"/> Red Dwarf 'Infamy Welcomes Careful Drivers'	<input type="checkbox"/> Shirley Valentine read by Willy Russell		
<input type="checkbox"/> Ben Elton 'Tim'			



# market report/shares

## DATA BANK

FT-SE 100

3887.2 +14.5

FT-SE 250

4406.7 +0.7

FT-SE 350

1945.2 +5.8

SEAQ VOLUME

661.1m shares,

33,703 bargains

Gifts Index

92.92 +0.29

SHARE SPOTLIGHT

share price, pence

1800

1500

1400

1300

1200

M A M J J A S

Zeneca

## Speculators bet on Zeneca - come hell or high water

It is either the ramp of the year - or someone, somewhere has privileged information about the Zeneca drug group.

Not for the first time the shares zoomed ahead in busy trading. They touched 1,588.5p, a peak, closing at 1,587p, a 43p gain.

The relentless progress - the shares were 1,085p in October - has been spurred by takeover hopes. The story going the rounds yesterday was that an £8bn facility was being prepared in the money markets for either Glaxo Wellcome or Roche, the Swiss group, to put towards a takeover war chest.

At its present market price Zeneca, spun off from Imperial Chemical Industries, is worth around £1.5bn.

According to market gossip an offer of around 1,800p a share, in line with some estimates of the group's basic worth, is likely to materialise in the next few days.

But the whole exercise could be self-feeding. Many fund managers were caught on the hop by Glaxo's bid for Wellcome. They are not going to make the same mistake twice; most are prepared to hang on to their Zeneca shares, come hell or high water, just in case that so far elusive offer should appear.

With such a reluctance to sell and market-makers desperately seeking to keep their books square, it does not take much to inject exuberance into the drug group's shares.

It could, however, be significant that the shares have been pumped higher since Roche, dripping with cash, produced results and let it be known that it was seeking acquisitions.

Zeneca is the sort of strike it needs to recapture the prime position it enjoyed before its great Swiss rivals, Sandoz and Ciba-Geigy, merged.



## MARKET REPORT

DEREK PAIN

Stock market reporter of the year

Talk of more bullish analysts' comments - Barclays de Zoete Wedd was said to be about to put pen to paper - also helped the Zeneca price.

Glaxo Wellcome, thought to be unlikely to attempt a Zeneca strike, gained 24p to 939p with UBS said to be avid buyers.

The two drug groups contributed more than six of the 14.5 points the FT-SE 100 index gained to 3,887.2.

Retailers were encouraged by an upbeat Confederation of British Industry survey and supermarkets overcame some of Wednesday's unease following Tesco's attempt to resurrect a price cutting battle.

BPD, the plasterboard group, put on 4p to 367p as analysts visited its new Berlin plant.

Lucas Industries, about to enjoy a more powerful index weighting as LucasVariety, was heavily traded; the shares fell 5p to 231p. It is likely to go into Footsie later this month.

National Power, as Kleinwort Benson moved to a sell stance, fell 7.5p to 386.5p. The partly-paid, ahead of next week's final instalment, lost 7p to 250p.

Bass fretted about the Carlsberg Jettley takeover and rumours of problems on its betting side. The shares fell 14p to 801p. Allied Domecq continued its progress following its proposed CT sale, gaining 3p to 471.5p.

Rolls-Royce's Farnborough contracts again powered the shares, up 5p to 235p. British Aerospace, on Airbus orders, rose 10p to 1,015.5p.

Lenther's decision to look at offers for its hotels chain pushed the shares 1p higher to 177p. Granada, enjoying further evidence of the demand for hotels as it seeks to sell many of its Forte properties, rose 8p to 864.5p.

Medrose Energy, raising cash for its signalled Siberian oil venture, put on 3p to 53.5p and Caird, the waste disposal group, responded to a return to profits with an 87.5p gain to 562.5p.

MAID, the on-line information group, added 18p to 328p and BCT managed a 90p rise to 1,810p following applications for approval for a blood-clotting factor.

Leeds, a textile group not the football club, was the day's worst performer. The shares crashed 61.5p to 137.5p following a profit warning. Casplan, owners of Leeds Utd, rose 1p to 28p on the club's Premiership win.

## TAKING STOCK

JA sudden display of life at Fenchurch, the insurance broker, has awakened takeover hopes. The shares rose 4.5p to 97p, the second day running a share which has been going steadily downhill has attracted buyers. US insurance groups are said to be proving around Fenchurch, which produced disappointing interim profits, prompting year's estimates to be reduced to £6.5m. Last year it achieved £8.4m.

Greenhills, the restaurant group, held at 9.5p. In a reverse takeover it is acquiring Browns Group which has a club in London's Covent Garden and takes in a stretched limousine hire operation. It is also thought to have pub interests. The deal will be funded by shares, probably priced at 10p, and two Browns directors will take over the running of the enlarged group.

## Alcoholic Beverages

Stock	Price	Chg	%
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0

## Banks, Merchant

Stock	Price	Chg	%
Barclays	120.00	0.00	0.0
Barclays	120.00	0.00	0.0
Barclays	120.00	0.00	0.0
Barclays	120.00	0.00	0.0
Barclays	120.00	0.00	0.0
Barclays	120.00	0.00	0.0
Barclays	120.00	0.00	0.0
Barclays	120.00	0.00	0.0
Barclays	120.00	0.00	0.0
Barclays	120.00	0.00	0.0

## Banks, Retail

Stock	Price	Chg	%
Barclays	120.00	0.00	0.0
Barclays	120.00	0.00	0.0
Barclays	120.00	0.00	0.0
Barclays	120.00	0.00	0.0
Barclays	120.00	0.00	0.0
Barclays	120.00	0.00	0.0
Barclays	120.00	0.00	0.0
Barclays	120.00	0.00	0.0
Barclays	120.00	0.00	0.0
Barclays	120.00	0.00	0.0

## Diversified Industrials

Stock	Price	Chg	%
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0

## Breweries, Pubs & Rest

Stock	Price	Chg	%
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0

## Electricity

Stock	Price	Chg	%
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0

## Building Construction

Stock	Price	Chg	%
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0

## Electronics

Stock	Price	Chg	%
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0

## Food Manufacturers

Stock	Price	Chg	%
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0

## Gas Distribution

Stock	Price	Chg	%
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0

## Household Goods

Stock	Price	Chg	%
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0

## Investment Companies

Stock	Price	Chg	%
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0

## Investment Trusts

Stock	Price	Chg	%
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0

## Leisure & Hotels

Stock	Price	Chg	%
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0

## Printing & Paper

Stock	Price	Chg	%
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0

## Property

Stock	Price	Chg	%
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0

## Support Services

Stock	Price	Chg	%
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0
Adnoca	240.00	0.00	0.0

## Engineering Vehicles



# Fund shocks add to a seismic shift in financial risks

As investigators search through a maze of detail to find out what happened at Morgan Grenfell, the investment industry is coming to terms with the impact on its markets.

Some fund managers were predicting yesterday that sales of all forms of equity and bond investments targeted at the private investor would be hit. Morgan Grenfell's promise to use its deep pockets to back its erring subsidiary.

There have been plenty of explanations of why investors should shun the scandal of a private investment, in which the main offender is the German bank that owned the firm.

After all, Deutsche has shown that reputation matters and that investors will not be allowed to lose money as a result of malpractice, so the 90,000 affected by Morgan Grenfell's problems have no reason to panic.

Every fund manager in Britain is likely to be checking internal control systems this week to make sure nothing similar happens again. The regulatory rules will also be tightened, with much tougher checks on investment in unlisted securities.

The real significance of the Morgan Grenfell case, and the Jardine Fleming scandal a mere four days earlier is nevertheless not the short-term damage to the reputations of the fund managers concerned - which is clearly enormous - but the fact that they come during a seismic shift in the investment industry.

A rapidly accelerating trend from final salary company pensions to



## FINANCIAL VIEW PETER RODGERS

group money purchase schemes and personal pensions and tax-sheltered long-term savings such as Peps is creating a huge transfer of investment risk from employers to private investors.

Final salary schemes are those where employers promise to pay a pension as a fixed proportion of salary in the last one to three years of service.

If the pension fund cannot afford to keep the promise, the employer must make good the pension, and

thus bears the investment risk if a pension fund does not perform well in the markets.

In money purchase schemes, the employer may put money into the pot, but the value of the pension at the end of a working life is entirely dependent on investment performance. That places the risk of having a poor pension squarely on the private individual, with no back-up guarantee from the company. Personal pensions carry the same risk.

It is true that the equity funds in trouble at Morgan and Fleming

were not designed to hold pension money, but were for other shorter-term savings, including Peps. However, these are used by many people as an additional form of investment for retirement.

In any case, equity funds of one sort or another are where the vast bulk of defined contribution and personal pension money goes. The purpose may be different but the investment vehicles are indistinguishable. The distinction was blurred even more by the fact that individuals are given increasing freedom to take their own pension investment decisions.

The two scandals should therefore serve as a sharp reminder that we are moving into a different world, where a majority of people will soon be shouldering responsibility for their own long-term financial futures. Virtually no new final salary schemes are being established, and money purchase schemes are growing rapidly.

Here are some estimates of the growth of money purchase pension schemes from Morgan Asset Management, which last year was ranked as the biggest manager of UK pension funds, with £48.7bn, more than twice as much UK pension business as Morgan and Fleming combined.

MAM has no axe to grind, since although it has attracted £1bn of money purchase pension investments, it is a driver for new business, this is dwarfed by the conventional

final salary schemes that still make up the rest of its UK pension portfolio.

MAM estimates that in the UK as a whole about 10 per cent of the £500bn pot of pension fund money is now in money purchase schemes, much of it with insurance companies rather than City fund managers.

Since many of these money purchase schemes are new and growing more rapidly than older final salary ones, simple arithmetic takes the proportion to 20 per cent in 2000 and 30 per cent in 2005, even if not a single new money purchase scheme starts.

If new schemes continue to be introduced at current rates, this increases to 20 per cent in 2000 and 30 per cent in 2005. But MAM also makes the more aggressive as-

sumption that there will be a domino effect as companies begin to offer money purchase schemes to new employees, or in some cases switch entirely.

Within 10 years money purchase could account for 50 per cent of a pool of pension fund assets that will also have grown considerably from the current £500bn. Indeed, MAM sees signs recently that the domino effect is happening faster than it expected.

The most powerful driving force is simply the attraction for compa-

nies of offloading the long-term risk of having to top up a deficient final salary scheme.

There have also been claims that companies are benefiting by reducing their contributions whenever they switch to money purchase schemes, though the most frequently quoted source of this allegation, the actuarial firm Bacon & Woodrow, denies it ever said anything of the sort.

Barclays, Legal & General and Texas Instruments are examples of large companies closing their final salary schemes to new entrants, who are being offered money purchase schemes or group personal pensions. (Morgan Grenfell happens to manage Texas employees' unit-linked investments.)

In another variant, Glaxo Wellcome restricts new entrants to a money purchase scheme but allows them the option to switch to final salary scheme at the age of 40.

There are also advantages for employees, though they are not quite so overwhelming. Younger members of traditional final salary schemes subsidise older colleagues and pensioners but are rarely likely to stay long enough to benefit themselves.

Middle-aged staff of a company that switches from final salary to money purchase pensions may lose out badly, so the young might as well avoid final salary schemes in case that happens to them in the years to come.

And in spite of legislation to set minimum transfer standards, those who leave pension schemes before retirement will be heavily penalised if inflation takes off again at any time during their careers.

Money purchase schemes there-

Top 10 managers of UK pension funds	
Funds under management (£bn)	
Mercury	48.7
PFM	44.1
Schroder	37.0
BZW	21.6
Gartmore	17.8
Morgan Grenfell	12.3
NatWest	11.6
Hill Samuel	10.8
Fleming	9.2
Prudential	9.2

Source: FT

fore particularly suit the young, regular job-changers, those on short-term contracts, and those working for weak or small companies where the pension "guarantee" cannot be relied on.

There is certainly a lot to be said for controlling your own pot of money and taking it with you from job to job - but that takes us back to where we started. There is also an extra risk to shoulder.

The forces at work in the marketplace are far too powerful for the scandals to cause more than a blip in the long-term increase in sales of pensions and other investments. What the revelations

may actually achieve is an acceleration of the concentration of the industry into a few enormous fund management firms.

The usual reason cited for this consolidation is the way marketing and back office costs are soaring, bringing important economies of scale.

But the speed with which Germany's best-known banking group moved to compete clients of its UK subsidiary suggests that the real reason for investors is that the safest place for your money is a firm with very big name behind it, that can afford to pay whatever it costs to protect its reputation.

### Foreign Exchange Rates

Country	Spot	1 month	3 months	D-Mark	Spot	1 month	3 months
USA	1.5579	5.3	5.2	1000	0.6785	—	—
Canada	2.1475	5.3	5.2	1000	0.6785	—	—
Germany	2.3280	52.46	50.142	1000	0.6785	—	—
France	7.9675	51.34	39.387	1000	0.6785	—	—
Italy	2.3680	48.63	42.165	1000	0.6785	—	—
Japan	171.08	75.1	72.78	1000	0.6785	—	—
Spain	162.45	11.3	10.45	1000	0.6785	—	—
Belgium	37.24	11.3	10.45	1000	0.6785	—	—
Denmark	6.833	16.15	14.625	1000	0.6785	—	—
Netherlands	2.6091	65.57	67.174	1000	0.6785	—	—
Ireland	0.9846	7.4	7.14	1000	0.6785	—	—
Norway	10.042	20.30	20.30	1000	0.6785	—	—
Sweden	10.40	0.4	0.4	1000	0.6785	—	—
Switzerland	1.6930	54.46	48.52	1000	0.6785	—	—
Australia	1.6930	20.31	19.65	1000	0.6785	—	—
Hong Kong	12.25	0.1	0.1	1000	0.6785	—	—
Malaysia	3.9757	0.1	0.1	1000	0.6785	—	—
New Zealand	2.2527	43.57	33.50	1000	0.6785	—	—
Saudi Arabia	5.6803	0.0	0.0	1000	0.6785	—	—
Singapore	2.2088	0.0	0.0	1000	0.6785	—	—

### Other Spot Rates

Country	Sterling	Dollar	Country	Sterling	Dollar
Argentina	15.580	0.0000	Nigeria	125.456	0.0000
Australia	1.6930	0.0000	Pakistan	0.0000	0.0000
Brazil	1.5933	0.0000	Philippines	0.0000	0.0000
China	0.0023	0.0000	Portugal	208.454	0.0000
Czech	0.0023	0.0000	Qatar	0.0000	0.0000
Denmark	0.0023	0.0000	Russia	0.0000	0.0000
France	0.0023	0.0000	South Africa	0.0000	0.0000
Germany	0.0023	0.0000	Taiwan	0.0000	0.0000
Greece	0.0023	0.0000	Thailand	0.0000	0.0000
India	0.0023	0.0000	UAE	0.0000	0.0000
Indonesia	0.0023	0.0000	Yemen	0.0000	0.0000

### Interest Rates

Country	Rate	Country	Rate	Country	Rate
UK	5.75%	Germany	2.50%	USA	5.75%
France	5.75%	Denmark	4.50%	Japan	5.75%
Italy	5.75%	Spain	5.75%	Belgium	5.75%
Netherlands	5.75%	Sweden	5.75%	Switzerland	5.75%
Denmark	5.75%	Finland	5.75%	Australia	5.75%
Sweden	5.75%	Portugal	5.75%	South Africa	5.75%
Switzerland	5.75%	Spain	5.75%	India	5.75%
Finland	5.75%	Japan	5.75%	China	5.75%
Australia	5.75%	Belgium	5.75%	France	5.75%
South Africa	5.75%	Switzerland	5.75%	Denmark	5.75%
India	5.75%	Australia	5.75%	Sweden	5.75%
China	5.75%	France	5.75%	Belgium	5.75%
France	5.75%	Belgium	5.75%	Switzerland	5.75%
Belgium	5.75%	Switzerland	5.75%	Finland	5.75%
Switzerland	5.75%	Finland	5.75%	Australia	5.75%
Finland	5.75%	Australia	5.75%	South Africa	5.75%
Australia	5.75%	South Africa	5.75%	India	5.75%
South Africa	5.75%	India	5.75%	China	5.75%
India	5.75%	China	5.75%	France	5.75%
China	5.75%	France	5.75%	Belgium	5.75%
France	5.75%	Belgium	5.75%	Switzerland	5.75%
Belgium	5.75%	Switzerland	5.75%	Finland	5.75%
Switzerland	5.75%	Finland	5.75%	Australia	5.75%
Finland	5.75%	Australia	5.75%	South Africa	5.75%
Australia	5.75%	South Africa	5.75%	India	5.75%
South Africa	5.75%	India	5.75%	China	5.75%
India	5.75%	China	5.75%	France	5.75%
China	5.75%	France	5.75%	Belgium	5.75%
France	5.75%	Belgium	5.75%	Switzerland	5.75%
Belgium	5.75%	Switzerland	5.75%	Finland	5.75%
Switzerland	5.75%	Finland	5.75%	Australia	5.75%
Finland	5.75%	Australia	5.75%	South Africa	5.75%
Australia	5.75%	South Africa	5.75%	India	5.75%
South Africa	5.75%	India	5.75%	China	5.75%
India	5.75%	China	5.75%	France	5.75%
China	5.75%	France	5.75%	Belgium	5.75%
France	5.75%	Belgium	5.75%	Switzerland	5.75%
Belgium	5.75%	Switzerland	5.75%	Finland	5.75%
Switzerland	5.75%	Finland	5.75%	Australia	5.75%
Finland	5.75%	Australia	5.75%	South Africa	5.75%
Australia	5.75%	South Africa	5.75%	India	5.75%
South Africa	5.75%	India	5.75%	China	5.75%
India	5.75%	China	5.75%	France	5.75%
China	5.75%	France	5.75%	Belgium	5.75%
France	5.75%	Belgium	5.75%	Switzerland	5.75%
Belgium	5.75%	Switzerland	5.75%	Finland	5.75%
Switzerland	5.75%	Finland	5.75%	Australia	5.75%
Finland	5.75%	Australia	5.75%	South Africa	5.75%
Australia	5.75%	South Africa	5.75%	India	5.75%
South Africa	5.75%	India	5.75%	China	5.75%
India	5.75%	China	5.75%	France	5.75%
China	5.75%	France	5.75%	Belgium	5.75%
France	5.75%	Belgium	5.75%	Switzerland	5.75%
Belgium	5.75%	Switzerland	5.75%	Finland	5.75%
Switzerland	5.75%	Finland	5.75%	Australia	5.75%
Finland	5.75%	Australia	5.75%	South Africa	5.75%
Australia	5.75%	South Africa	5.75%	India	5.75%
South Africa	5.75%	India	5.75%	China	5.75%
India	5.75%	China	5.75%	France	5.75%
China	5.75%	France	5.75%	Belgium	5.75%
France	5.75%	Belgium	5.75%	Switzerland	5.75%
Belgium	5.75%	Switzerland	5.75%	Finland	5.75%
Switzerland	5.75%	Finland	5.75%	Australia	5.75%
Finland	5.75%	Australia	5.75%	South Africa	5.75%
Australia	5.75%	South Africa	5.75%	India	5.75%
South Africa	5.75%	India	5.75%	China	5.75%
India	5.75%	China	5.75%	France	5.75%
China	5.75%	France	5.75%	Belgium	5.75%
France	5.75%	Belgium	5.75%	Switzerland	5.75%
Belgium	5.75%	Switzerland	5.75%	Finland	5.75%
Switzerland	5.75%	Finland	5.75%	Australia	5.75%
Finland	5.75%	Australia	5.75%	South Africa	5.75%
Australia	5.75%	South Africa	5.75%	India	5.75%
South Africa	5.75%	India	5.75%	China	5.75%
India	5.75%	China	5.75%	France	5.75%
China	5.75%	France	5.75%	Belgium	5.75%
France	5.75%	Belgium	5.75%	Switzerland	5.75%
Belgium	5.75%	Switzerland	5.75%	Finland	5.75%
Switzerland	5.75%	Finland	5.75%	Australia	5.75%
Finland	5.75%	Australia	5.75%	South Africa	5.75%
Australia	5.75%	South Africa	5.75%	India	5.75%
South Africa	5.75%	India	5.75%	China	5.75%
India	5.75%	China	5.75%	France	5.75%
China	5.75%	France	5.75%	Belgium	5.75%
France	5.75%	Belgium	5.75%	Switzerland	5.75%
Belgium	5.75%	Switzerland	5.75%	Finland	5.75%
Switzerland	5.75%	Finland	5.75%	Australia	5.75%
Finland	5.75%	Australia	5.75%	South Africa	5.75%
Australia	5.75%	South Africa	5.75%	India	5.75%
South Africa	5.75%	India	5.75%	China	5.75%
India	5.75%	China	5.75%	France	5.75%
China	5.75%	France	5.75%	Belgium	5.75%
France	5.75%	Belgium	5.75%	Switzerland	5.75%
Belgium	5.75%	Switzerland	5.75%	Finland	5.75%
Switzerland	5.75%	Finland	5.75%	Australia	5.75%
Finland	5.75%	Australia	5.75%	South Africa	5.75%
Australia	5.75%	South Africa	5.75%	India	5.75%
South Africa	5.75%	India	5.75%	China	5.75%
India	5.75%	China	5.75%	France	5.75%
China	5.75%	France	5.75%	Belgium	5.75%
France	5.75%	Belgium	5.75%	Switzerland	5.75%
Belgium	5.75%	Switzerland	5.75%	Finland	5.75%
Switzerland	5.75%	Finland	5.75%	Australia	5.75%
Finland	5.75%	Australia	5.75%	South Africa	5.75%
Australia	5.75%	South Africa	5.75%	India	5.75%
South Africa	5.75%	India	5.75%	China	5.75%
India	5.75%	China	5.75%	France	5.75%
China	5.75%	France	5.75%	Belgium	5.75%
France	5.75%	Belgium	5.75%	Switzerland	5.75%
Belgium	5.75%	Switzerland	5.75%	Finland	5.75%
Switzerland	5.75%	Finland	5.75%	Australia	5.75%
Finland	5.75%	Australia	5.75%	South Africa	5.75%
Australia	5.75%	South Africa	5.75%	India	5.75%
South Africa	5.75%	India	5.75%	China	5.75%
India	5.75%	China	5.75%	France	5.75%
China	5.75%	France	5.75%	Belgium	5.75%
France	5.75%	Belgium	5.75%	Switzerland	5.75%
Belgium	5.75%	Switzerland	5.75%	Finland	5.75%
Switzerland	5.75%	Finland	5.75%	Australia	5.75%
Finland	5.75%	Australia	5.75%	South Africa	5.75%
Australia	5.75%	South Africa	5.75%	India	5.75%







# Warning in British export boom to Japan

## Racing

JOHN COBB

The name of the latest leading stallion to be lured to Japan says it all - Warning.

The alarm is sounding throughout the British breeding industry as the best bloodstock flees away to the Far East, but sadly there can be no adequate response. The purchasing power of the richest racing nation on the planet is simply too strong to resist.

That it is the Saudi Arabian Khalid Abdullah - who along with the Maktoum family has

dominated British racing over the last 15 years - who is doing the selling is an indication that even the wealthiest and most successful owners operating in this country cannot resist the opportunity to help make the books balance. The level of prize-money here, of course, is not much use in that respect.

It is estimated that it required \$8m (£5.1m) to tempt Warning away from Abdullah's Basmstead Manor Stud in Newmarket, compared with the £4m and \$6.8m (£4.3m) that the Japanese spent respectively on Warning's half-brother Commander in Chief and that

horse's sire, Dancing Brave, from the same source.

In selling Warning and Commander in Chief, Abdullah has dispensed with two of the most successful sons of the remarkable broodmare Slightly Dangerous. Another half-brother, Dargaville, remains in Abdullah's stallion ranks, while Dushyant, the latest of Slightly Dangerous's sons to reach the top flight, is favoured to win the 1997 Leger tomorrow week. Further should perhaps tempt Warning's sale as a sign of confidence that Dushyant will attain Group One success at Doncaster and become a worthy replacement

for Warning in Abdullah's band of stallions.

The champion miller of his generation when winning the Sussex Stakes and Queen Elizabeth

**RICHARD EDMONDSON**  
NAP: Love Has No Pride (Kempton 2.35)  
NB: Saw-toil (Haydock 5.20)

abed II Stakes as a three-year-old in 1988, Warning was the top first-season sire of 1993. Now aged 11, his best performer this year was another miller, Charnwood Forest.

Purchased by the Japan Racing Association, Warning will be joining the last five Derby victors before this year's winner, Shaamit - Generous, Dr Devius, Commander in Chief, Erhaab and Lammtarra - in Japan. He will swiftly be followed by this year's King George VI and Queen Elizabeth Stakes winner, Pentire.

The consequences of so many leading stallions leaving Britain within such a brief period are incalculable. A similar trend in the Sixties and Seventies when top performers were bought up by North American studs was brought to a halt when

Abdullah and the Maktoums entered the scene and established their own studs in Britain. The benefit of that has been to reinforce Britain's position as the strongest racing nation in Europe by upgrading the quality of bloodstock.

Seeing that position undermined and one that is sure to be one of the main topics of conversation when the domestic yearling sales season starts at Doncaster next week.

The United States is not immune to the power of the yen and it has been reported this week that Allen Paulson is find-

ing it increasingly difficult to resist Japanese attempts to buy Cigar. Offered \$20m (£12.7m) prior to the great horse's shock defeat at Del Mar last, the bid has nevertheless been raised to \$30m (£19.1m), the same amount that secured Lammtarra from Sheikh Mohammed's Darley Stud earlier this year.

Paulson has a powerful incentive not to part with the horse that has drawn huge crowds and helped to revitalise racing in the United States. "Cigar is an all-American hero," he said. "My popularity would go down if I sold him."

## King gets lift from Star Appeal

Equestrianism  
GENEVIEVE MURPHY reports from Burghley

Mary King held the lead on Star Appeal after the first day of dressage was completed at the Burghley Pedigree Chum Horse Trials in warm sunshine yesterday. The Irish-bred gelding, who was fourth here two years ago, produced the best test of his career to overtake the long-time leader, Pippa Funnell, on the little skewball Bits and Pieces.

King said Star Appeal finds the dressage difficult, but he has nevertheless "come on by leaps and bounds." She is hoping that she can contain her enthusiasm over the cross-country, and that his accident-prone days (which included a broken leg when kicked by another horse in his field and a poisoned foot after treading on a nail) are over.

"Star Appeal tends to get very excited when he is galloping," King said. "Quite a lot depends on the way I ride him; if I can be quiet with him early on and not try to dominate him, he usually settles better."

King was glad to see some big fences at the start of the course, as they should help her partner concentrate on jumping. She is also relying on new tack (a Dutch gag with a Waterford mouthpiece and a controller noseband) to provide effective brakes.

Funnell's mount, Bits and Pieces, was impressive when he won at Blenheim last year and there will be much interest in watching him tackle his first four-star course. Funnell is one of the riders who has help from Mark Phillips, who designed the cross-country course here.

Didier Seguret of France is just 0.2pt behind Funnell on Coeur de Rocker, and behind the Frenchman come Andrew Nicholson on last year's winner, Buckley Province, and America's Mark Weissbecker on Best Seller, who are only lying joint fourth. Rodney Walker and the reformed Comic Relief, who gave him a terrible ride at Badminton where he had the worst dressage score of all, is sixth.

Phillips is hoping that no more than two or three horses finish within the optimum time over the cross-country. Having considered the quality of the field, which includes the last two Badminton winners - Eagle Lion, who was the victor with Bruce Davidson in 1995 and Bertie Blunt, who triumphed with Mark Todd this year - Phillips now thinks that four or five horses may get home with in the time tomorrow. "But I would be very surprised, and not at all pleased, if we had a many as nine or 10," he said.

## Rydel breaks record chasing runner-up spot

Motor racing

Rickard Rydel yesterday boosted his hopes of finishing as runner-up in the British Touring Car Championship after breaking his own Donington Park qualifying record in official testing for Sunday's twin rounds of the championship. Rydel lapped in 1min 36.61sec, over a tenth of a second inside the mark he set in April.

With four races remaining, the Swede is in second place overall, 19 points ahead of Alain Menu, who was seventh fastest yesterday, just ahead of the newly crowned champion, France's David Amon, who edged out his team-mate, James Kaye, by five-hundredths of a second.

Sunday's double-header will also see the fight continued for the manufacturers' championship. And leads the battle with 257 points, with BMW second on 221 and Volvo third with 213.

AUTO TRADER RAC TOURING CAR CHAMPIONSHIP (Donington Park 1000cc testing 12.55): 1. Rydel (Suzuki) 1:36.61; 2. Menu (Peugeot) 1:37.21; 3. Amon (Peugeot) 1:37.31; 4. Kaye (Peugeot) 1:37.41; 5. Amon (Peugeot) 1:37.51; 6. Amon (Peugeot) 1:38.01; 7. Amon (Peugeot) 1:38.11; 8. Amon (Peugeot) 1:38.21; 9. Amon (Peugeot) 1:38.31; 10. Amon (Peugeot) 1:38.41.

## Swinburn secures Leger ride

Walter Swinburn was yesterday given the chance to return to the Classic arena when he was booked by Michael Stoute to partner the Ebor winner, Clerkenwell, in the St Leger.

The rider, who missed the first four Classics this year while he recovered from serious injury, will be attempting to secure

his first victory in the race. It is the only domestic Classic to elude him, most famously when the St Leger-trained Sherpa finished only fourth in 1961.

Swinburn celebrated his first Group One success since his return when riding Pilsudski to victory in the Grosser Preis von Baden last Sunday.

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2.35 Shawalk  
3.05 Falcot

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## HYPERION

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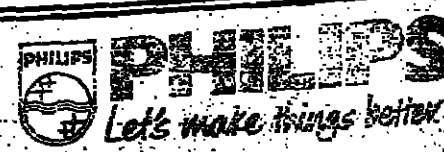
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REGISTER TODAY - ONLY 6 DAYS LEFT TO GO

## Win TICKETS TO THE 1998 WORLD CUP

WITH INDEPENDENT FANTASY FOOTBALL



As England kick off their battle to secure a place at the 1998 World Cup in France, The Independent and the Independent on Sunday bring you the chance to follow them all the way. Register now to play our great Independent Fantasy Football game, supported by Philips Energy Saver Lightbulbs, and find out if your tactical management skills can earn you a place alongside the best at the world's greatest soccer tournament.

You can opt for a defensive strategy with five defenders, three midfielders and two strikers in a 5-3-2 formation, or go on the attack with three strikers in a 4-3-3 line-up. Complete your team with a goalkeeper and a Premiership manager and you'll be ready for kick-off. To put your title-winning team together you have a budget of £40 million to spend. It is up to you how you spend the money, with no restrictions on the number of players you can choose from any one Premiership team. Look carefully and you will find some real bargains, with Alan Shearer on sale for the fantasy price of £11.1 million!

So take up the challenge and prove your skill as a manager to win a football fan's dream prize and the opportunity to gloat over friends and colleagues well into the 1997-98 season.

## PRIZES

The overall winner at the end of the season will be the entrant who has scored more points than any other Independent Fantasy Football team in that time. Win the ultimate prize - a trip to the 1998 World Cup in France. The winner, plus companion, will see all the action of a quarter-final and a semi-final of their choice, plus the final. In addition, the highest scoring team each month will win a pair of tickets to one of England's World Cup qualifying games at Wembley.

## HOW TO ENTER

Using your football knowledge decide your team formation from the following four options:

- FORMATION A. 4-4-2**  
4 Defenders, 4 Midfielders, 2 Strikers  
**FORMATION B. 4-3-3**  
4 Defenders, 3 Midfielders, 3 Strikers  
**FORMATION C. 5-3-2**  
5 Defenders, 3 Midfielders, 2 Strikers  
**FORMATION D. 3-5-2**  
3 Defenders, 5 Midfielders, 2 Strikers



You are free to enter as many teams as you wish, allowing you to try out more than one tactical formation, but each team must be made up of a separate entry via a separate telephone call.

Once you have chosen your formation, select your team of 10 players to fit your chosen option, plus one goalkeeper and one manager from the list below. Players can only play in the positions that they are listed under and the team's total value must not exceed £40 million. Remember to give your team a name.

Use our Team Selection Form above right, to make a note of your team's details, then dial our registration hotline to register. Where possible, please try to use a tone telephone, although a traditional pulse telephone can be used if necessary.

Make sure you follow the instructions on the phoneline carefully. At the end of your call you will be given your own special PIN number, which you must keep safe. It can be added to your Team Selection form.

## HOW TO SCORE

Every time one of your players scores a goal you will be awarded four points. Four points will also be awarded for goalkeepers and defenders whose team have kept a clean sheet during a match.

If a player scores the winning goal, i.e. if there is a one-goal difference in the scoreline, the player scoring the final goal for the winning team is awarded one bonus point in addition to the standard four points awarded for that goal. Each successful assist (a pass that, in the opinion of our team of experts, leads directly to a goal) will give a player three points. The opinion of our experts on this matter is final. Each player selected and starting a game will be awarded one point.

Players lose one point for a yellow card and three for a red card. Own goals, either scored or conceded, do not count for scoring purposes. The Premiership manager that you choose will be awarded three points if their real-life team win, one point if they draw and no points if they lose.

Results will be published in The Independent every Wednesday for all games played from the previous Monday to Sunday inclusive. They will also appear the following Sunday, in the Independent on Sunday.

If your player or manager has been injured or transferred out of the Premiership, there will be the chance to update your team in our transfer period, which will be announced soon. Please read the Rules and Conditions carefully before making your call.

## Team Selection Form

Name	Code	Value
Goalkeeper		
Defender 1		
Defender 2		
Defender 3		
Defender 4		
Defender 5		
Midfielder 1		
Midfielder 2		
Midfielder 3		
Midfielder 4		
Midfielder 5		
Striker 1		
Striker 2		
Striker 3		
Manager		
PIN No.		Total £

Team Name:

## POINT SCORES:

4 points for a goal ■ 4 points for a goalkeeper/defender clean sheet ■ 3 points for a successful assist ■ 1 point when a player is selected and plays ■ 1 point for a winning goal ■ 3 points for a manager win, 1 point for a draw ■ Lose 1 point for a yellow card ■ Lose 3 points for a red card

Register today, call:

UK 0891 252 244 (tone)

UK 0891 252 234 (pulse)

Republic of Ireland: 1550 131 553

UK calls cost 39p per minute cheap rate and 49p at all other times.  
Republic of Ireland calls cost 59p per minute including VAT at all times.  
Maximum call length 6.5 minutes.

## INDEPENDENT TEAM MARKET

CODE	PLAYER	TEAM	VALUE (£m)	CODE	PLAYER	TEAM	VALUE (£m)	CODE	PLAYER	TEAM	VALUE (£m)	CODE	PLAYER	TEAM	VALUE (£m)
<b>GOALKEEPERS</b>				<b>MIDFIELDERS</b>				<b>STRIKERS</b>				<b>MANAGERS</b>			
300	Seaman	ARS	5.9	458	Unsworth	EVE	3.0	554	Thorn	WIM	1.8	688	Bart-Williams	NOT	3.6
303	Bosnich	AV	4.0	459	Hottiger	EVE	2.2	555	Thatcher	WIM	2.7	689	Stone	NOT	5.0
304	Flowers	BLA	5.2	460	Hinchcliffe	EVE	1.9					690	Gemmell	NOT	3.0
305	Kharin	CHE	3.7	463	Jobson	LEE	2.7					693	Parker	LEI	2.5
306	Hitchcock	CHE	1.5	464	Kelly	LEE	3.6					694	Taylor	LEI	1.6
307	Ogrizovic	COV	2.2	465	Wetherall	LEE	3.5					695	Izzett	LEI	2.1
308	Filan	COV	1.5	466	Dorigo	LEE	3.2	600	Merson	ARS	4.4	696	Waddle	SW	2.7
309	Southall	EVE	3.0	467	Pemberton	LEE	1.2	603	Platt	ARS	4.8	697	Blinker	SW	2.2
330	Martyr	LEE	3.3	468	Walsh	LEE	2.2	604	Parlour	ARS	2.4	698	Jones	SW	2.0
333	James	LIV	4.7	469	Grayson	LEE	2.2	605	Helder	ARS	3.7	699	Hyde	SW	1.8
335	Poole	LEI	1.5	470	Whitlow	LEE	1.2	606	Hillier	ARS	1.5	700	Magilton	SOT	2.4
336	Houlit	DER	1.6	473	Watts	LEE	1.6	607	Taylor	AV	1.9	703	Venison	SOT	2.7
337	Schmeichel	MU	5.5	474	Babb	LIV	3.7	608	Townsend	AV	3.1	704	Heaney	SOT	2.2
338	Walsh	MID	3.0	475	Jones (R)	LIV	2.7	609	Draper	AV	4.1	705	Gray	SUN	3.0
339	Srnicek	NEW	3.7	476	Wright	LIV	2.8	630	Domis	BLA	3.0	706	Rae	SUN	3.0
340	Hispel	NEW	3.7	477	Ruddock	LIV	3.0	633	Wilcox	BLA	3.7	707	Agnew	SUN	3.0
343	Crossley	NOT	2.7	478	Scates	LIV	4.4	634	Ripley	BLA	3.0	708	Anderton	LEI	6.7
344	Wright	NOT	1.3	479	Harkness	LIV	2.2	635	Sherwood	BLA	3.4	709	Fox	LEI	5.2
345	Beasant	SOT	1.8	480	Neville (G)	MU	3.7	636	Flitcroft	BLA	3.0	730	Howells	TOT	3.2
346	Pressman	SW	2.7	483	Neville (P)	MU	3.7	637	Gullit	CHE	4.4	733	Sinton	TOT	3.0
347	Coton	SUN	1.8	484	Irwin	MU	4.1	638	Di Matteo	CHE	4.4	734	Williamson	WIM	3.6
348	Walker	TOT	3.4	485	Pallister	MU	4.9	639	Newson	CHE	3.7	735	Dummetts	WH	3.7
349	Miklosko	WH	3.0	486	May	MU	3.0	640	Newton	CHE	2.4	736	Hughes	WH	2.7
350	Sullivan	WIM	1.8	487	Vickers	MID	2.2	643	Peacock	CHE	2.1	737	Moncur	WH	2.7
				488	Pearson	MID	2.2	644	Salako	COV	2.4	738	Bishop	WH	3.0
				489	Whyte	MID	2.2	645	Jellifer	COV	1.8	739	Jones	WIM	3.1
				490	Cox	MID	2.5	646	Richardson	COV	2.4	740	Earle	WIM	2.0
				493	Albert	NEW	4.1	647	McAllister	COV	2.2	743	Andley	WIM	2.0
				494	Rowe	NEW	3.7	648	Jones	COV	2.2	744	Pearce	WIM	2.0
				495	Resnick	NEW	3.0	649	Simpson	DER	1.2				
				496	Barford	NEW	3.3	650	Asanovic	DER	2.2				
				497	Beresford	NEW	2.2	653	Van Der Laan	DER	1.6				
				498	Cooper	NOT	3.0	654	Ebbrell	EVE	1.9				
				499	Chetlie	NOT	2.4	655	Kanchelskis	EVE	6.7				
				500	Jerkas	NOT	2.9	656	Parkinson	EVE	1.8	800	Bergkamp	ARS	7.0
				503	Lytile	NOT	1.8	657	Stuart	EVE	2.5	803	Wright	ARS	7.2
				504	Pearce	NOT	3.4	658	Grant	EVE	2.2	804	Harrison	ARS	3.7
				505	Monkton	SOT	2.5	659	Bowyer	LEE	3.0	806	Yorke	AV	6.7
				506	Dodd	SOT	2.2	660	Wallace	LEE	1.8	807	Milosevic	AV	4.4
				507	Benali	SOT	2.2	663	Pallister	LEE	3.0	808	Johnson	AV	3.5
				508	Charlton	SOT	2.2	664	Barnes	LIV	3.0	809	Joachim	AV	2.3
				509	Nolan	SW	1.9	665	Redknapp	LIV	5.2	830	Shearer	NEW	11.1
				530	Atherton	SW	1.9	666	McManaman	LIV	5.9	834	Sutton	BLA	3.7
				533	Walker	SW	1.6	667	McAteer	LIV	3.7	835	Vialli	CHE	8.1
				534	Stefanovic	SW	1.6	668	Thomas	LIV	3.0	836	Hughes	CHE	4.4
				535	Metville	SUN	1.2	669	Giggs	MU	7.4	837	Spencer	CHE	4.4
				536	Kubicki	SUN	2.2	670	Beckham	MU	5.2	838	Dobbin	COV	4.7
				537	Ball	SUN	2.2	673	Keane	MU	6.5	839	Whelan	COV	5.2
				538	Campbell	TOT	3.7	674	Butt	MU	4.5	840	Ndlovu	COV	4.3
				539	Calderwood	TOT	2.9	675	Sharpe	MU	3.0	843	Gabbadini	DER	3.5
				540	Austin	TOT	2.2	676	Juninho	MID	5.9	844	Ward	DER	2.5
				543	Edinburgh	TOT	1.6	677	Emerson	MID	4.4	846	Sturridge	DER	3.0
				544	Mabbutt	TOT	2.7	678	Hignett	MID	2.5	847	Ferguson	EVE	6.7
				545	Dicks	WH	3.5	679	Moore	MID	1.2	848	Amokachi	EVE	3.7
				546	Bilic	WH	3.7	680	Lec	NEW	3.6	849	Rideout	LEE	5.9
				547	Rieper	WH	2.7	683	Baltay	NEW	4.5	850	Rush	LEE	5.2
				548	Hall	WH	2.7	684	Gillespie	NEW	4.0	853	Deane	LEE	3.0
				549	Bowen	WH	2.2	685	Chinola	NEW	4.2	854	Fowler	LIV	9.1
				550	Pearce	WIM	2.2	686	Clark	NEW	3.0	855	Claridge	LEI	3.0
				553	Reeves	WIM	1.8	687	Woon	NOT	3.4				

## RULES AND CONDITIONS

1. Only entries made via The Independent Fantasy Football team selection form will be valid.  
2. For your Fantasy Football team selection you may only use the players published in the official list printed in The Independent on Sunday.  
3. Entries must comprise 11 players and one manager. The players must consist of a goalkeeper plus one of the four team formations listed above. The total cost of the team, including manager, must not exceed £40 million.

4. FA Cup Premier League footballers have been assigned a fictional transfer value by our experts which represent current ability. There will be no correspondence relating to players or their fictional value.  
5. Independent Fantasy Football results are calculated on all matches in the FA Cup Premier League. Points are awarded according to the scoring system described in "How to Score".  
6. In the event that a goalkeeper or a defender is substituted, the player substituted and the substitute are both deemed to have played in the match in question. Therefore, if there is a clean sheet both players shall be credited.  
7. The overall prize of the 1998 World Cup will go to the team whose total score exceeds that of any other team over the whole season. If there is a tie, a single draw will take place.  
8. One pair of tickets to see England play in this game from that point on until he re-enters playing in the Premier League.  
9. All points scored during all Premiership matches count towards the team's total score for the season and the final prize. No cup or international matches count.

10. Team selection, once made, cannot be altered until such time as a transfer list may be published in connection with Fantasy Football. There is no limit to the number of entries any person or household may make by individual entry. One PIN claim number will be issued for each valid team registration. You must keep your PIN claim number safe.  
11. The competition is open to residents of the UK and Republic of Ireland only. Entries under 18 must be able to provide written permission from parent or guardian if requested and ask permission from the person who pays the telephone charges before placing their entry.  
12. Ineligible, incomplete, incorrect or those entries considered obscene will not be accepted. Newspaper Publishing plc are not responsible for entries lost or delayed in transfer. Proof of postage receipt is not accepted as proof of entry.  
13. The competition is open to residents of the UK and Republic of Ireland only. Entries under 18 must be able to provide written permission from parent or guardian if requested and ask permission from the person who pays the telephone charges before placing their entry.  
14. Ineligible, incomplete, incorrect or those entries considered obscene will not be accepted. Newspaper Publishing plc are not responsible for entries lost or delayed in transfer. Proof of postage receipt is not accepted as proof of entry.  
15. Employees of Newspaper Publishing plc, Newspaper Promotions Ltd, TPA, agents and families are not allowed to enter. Normal Newspaper Publishing plc rules apply.

16. UK calls will be charged at 39p per minute cheap rate and 49p per minute at all other times. Republic of Ireland calls cost 59p per minute including VAT at all times. Your call should not last more than 6.5 minutes. Make sure your team selection is correct before dialling so that your call is for the minimum duration.  
17. Newspaper Publishing plc reserves the right to stop the game at any time and change the conditions. The Editor's decision is final in all matters relating to the game. No correspondence, either in writing or by telephone, will be entered into.  
18. You may receive future offers or information from Newspaper Publishing plc or its associated companies. If you do not wish to receive these please write to Independent Fantasy Football, One Canada Square, Canary Wharf, London E14 5UL.  
19. Should you have any difficulty in registering your team, please call our helpline on 0171 251 2220.  
20. Newspaper Publishing plc, One Canada Square, Canary Wharf, London, E14 5UL.

\*Currently out of management

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**Ken Jones on Mike Tyson's latest title challenge** **Page 27**

# Agreement reunites the Five Nations

England are back in the Five Nations' Championship. Two months after they were banished into the international wilderness, senior officials from all the home Unions have thrashed out an agreement which goes well beyond the five-year deal that Twickenham struck with BSkyB.

Details of the agreement will be announced on Monday, but the indications are that the unions of Wales, Scotland, Ireland, France and England have

agreed to keep the Championship intact for the next 10 years. All it needs now is the approval today of the unions' respective committees, which should be a formality.

After 10 weeks of uncertainty, recriminations, brinkmanship and anxiety, it is time to mention behind-the-scenes machinations, manoeuvres and meetings among the respective unions, the historic tournament that dates from 1909 is back on everyone's fixture list and social and sporting calendar – and for up to 10 years.

While much credit must go to

the presidents and their teams, it emerged last night that BSkyB, whose £87.5m five-year deal with Twickenham triggered the crisis, may also have offered to make some concessions to their proposed deals with the other home unions which might permit selected matches to be broadcast live on terrestrial television within Wales, Scotland and Ireland simultaneously with the satellite company's coverage.

However, it was not clear last night whether the other home unions would take up the original offers to them from Sky

The feeling throughout the game last night was one of relief that a troubled summer was going to give way to a winter of content throughout the British Isles and France. The agreement could also go a long way towards helping sort out the problems between the English Professional Rugby Union Clubs and the Rugby Football Union.

Epurc, which we take very seriously, still has to be resolved. We still have a lot of work to do there and we will be pursuing that. Hopefully the settlement of the Five Nations will contribute to the ultimate resolution and help that came to pass.

Cliff Brittle, chairman of the executive committee and a member of the RFU president John Richardson's three-man team, which also included the treasurer Colin Herridge, said: "I think we are all relieved. This has not just been done for the unions, it's been done for everyone who is interested in rugby."

It has emerged that in addition to Wednesday night's eight-hour meeting in Bristol between the four home unions - below the knowledge and approval of France - that there had also been intense activity off stage over the last three weeks which involved Brittle in particular in a great deal of travelling from his holiday home in the south of France as the deal was brokered among the Big Five. Brittle added: "After a lot of hard work throughout the summer we have come to a sen-

able agreement which satisfies all parties. It is a very good thing and has set the foundations for the future."

Hallett added: "This is the result of team work on all sides. It is a major achievement by the negotiators. The competition is special and attractive. It is a weight off our shoulders and a help that we are not fighting battles on so many fronts."

Following the meeting in Bristol, a joint statement was issued by the four Home Unions which read: "Last evening senior officers of England, Wales, Ireland and Scotland met at the

offices of the Inter-Union Rugby Board in Bristol in a bid to attempt to resolve the issues between them as they relate to the Five Nations' Championships. The meeting took place with the knowledge and concurrence of the FFR (French Federation). The meeting resulted in an accord which has saved the Five Nations' Championship for the coming season and for the foreseeable future. The full details of this most welcome news will now be reported by the officers of their respective unions and committees for approval and confirmation."

# Hill relives his 'shock' sacking

DERICK ALLSOP  
reports from Monza

It was not merely Michael Schumacher's helicopter that hovered over Formula One's controversy here yesterday. The spectre of the double world champion had much to do with the same. Hans-Joachim Haas, team owner of Damon Hill's Williams-Harz-Harald Frenzen, the man about to replace him.

Hill and his successor in the Williams-Renault team went public after a week in which the Englishman's six-year association with the team was terminated and the German was confirmed as the next partner for Jacques Villeneuve.

Hill talked of his "shock" at Frank Williams' decision, especially after being commended by the team's boss and their technical director, Patrick Head, for his "astounding" performances. Hill declined to reveal the reason Williams gave for the dismissal, but maintained it had nothing to do with money.

An hour earlier, Frenzen had revealed his understanding of the thinking behind his appointment by Formula One's top team. Spookily, Schumacher's helicopter was coming into land as his compatriot and former Mercedes team-mate said: "I think Frank Williams

signed me because he wants me to beat Michael next year. I think I can beat Michael, otherwise I would not be the right man for the job." The inference drawn is Williams' belief that Hill is not capable of beating Schumacher in what is expected to be a significantly improved Ferrari next season.

Hill later alluded to the influence of engine deals within the sport, and there is a theory is that Frenzen's arrival at Williams on a two-year contract points to BMW partnering Williams when Renault quit Formula One at the end of next season. But that has been discounted by a source within the sport.

Hill, who heads the championship by 13 points with three races remaining, starting with Sunday's Italian Grand Prix here, patently feels the decision is no reflection on his ability. "I feel I've been to Mars and back for the last 10 days. It was a bit of a buzz but I've got worse shits in life and Formula One. I'll get over it and continue to press on and get results," Hill said.

"I turned myself around in the winter and made myself a leading driver, if I wasn't before, and in my view the reward should be to continue to drive the best equipment. I thought the ace up my sleeve was leading the championship. You could say that's naïve, but I've used that

method to get into Formula One and through this year.

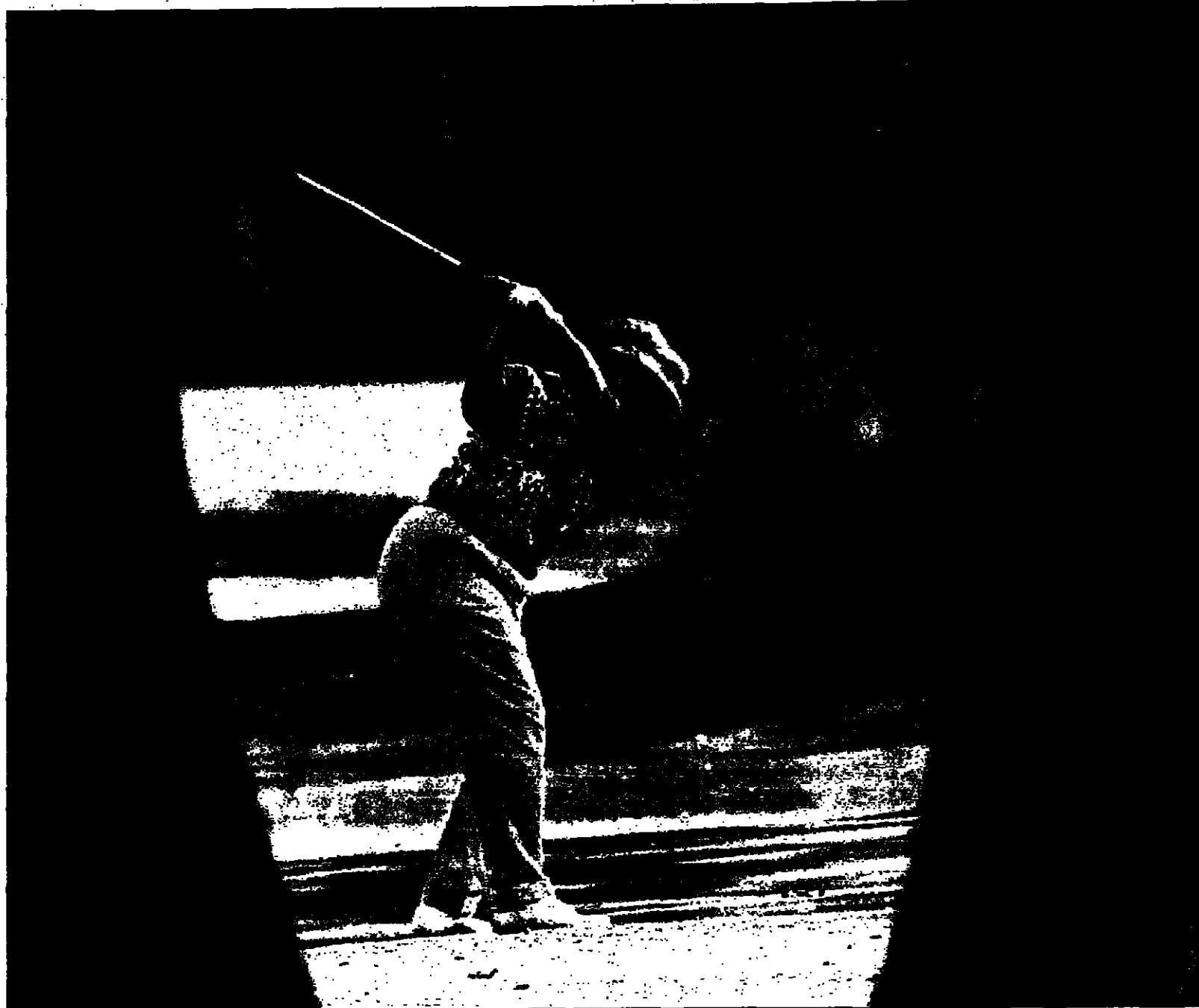
"I'm not here to sell myself but I consider the input I have given to the team has played a significant part in their development, and I consider myself to be one of the best in the business at providing a car competitive in all situations."

Hill has been linked with McLaren-Mercedes, Jordan-Peugeot and Stewart-Ford, and said he would "not disregard driving for Ferrari should that improbable prospect materialise". Of one thing he was certain: he would not yield the championship to Villeneuve.

"I've been through quite a lot of pressure situations and tend to thrive on it. I'm not a quitter. I want to win."

Frentzen confirmed he had maintained contact with Williams since he turned down the opportunity to join the Hill team at the start of the season. "I've been back at Agip for some 20 years ago. Both developments had been swift since the Belgian Grand Prix a fortnight ago. The 29-year-old, presently with Sauber-Ford, said: "I was not sure I would get the opportunity but now I am happy I waited."

Schumacher said: "I'm very happy for Heinz-Harald. Now he has the chance to show what he can do. We've had good close racing together before and hope we can do so again."



**Out of the woods: Corinne Dibnah, who leads at six under, negotiates a tricky shot at the 12th yesterday**

Photograph: David Ashdown

## No lagging behind for fatigued Davies

**ANDY FARRELL**  
reports from Hanbury Manor

It is not unusual for Laura Davies to skip a practice round before teeing up in the first round of a tournament. The first time she saw the Hanbury Manor course was when she pulled back the curtains of her hotel room yesterday morning.

The policy has not stopped her winning tournaments, even major championships in America. What she is not immune from, although she gives the best impression of being so of

anyone in professional golf, is jet lag.

Davies flew back from Chicago on Monday night, after a latest sortie on the PGA Tour which resulted in a win and a lost play-off.

"It was a bad flight," Davies said. "I didn't get a wink of sleep. The plane was packed."

On Wednesday night, she could only get two and a half hours sleep and finally drifted off with Andre Agassi two sets up in the US Open tennis.

Despite giving the rest of the field in the European Open such an advantage in the shut-eye department, only five play-

ers beat her two-under 70. The Australian Corinne Dibnah led with a 66, six under, by one from France's Stephanie Dailleville. Dibnah did not drop a shot, while Dailleville captured five birdies in a row from the second, and missed from three feet for a sixth.

Davies' only mistakes were a couple of three-putts but, in spite of her fatigue, the world No 1 enjoyed letting her driver free-wheel on the Jack Nicklaus Jr designed layout, in sharp contrast to her last appearance in this country at the British Open at Woburn. Davies is on a run of 14 consecutive tour-

naments, including three spells in the States and trips to Japan and Korea.

What is driving her on is a desire to finish top of the money lists on both sides of the Atlantic, as Annika Sorenstam did last year.

In America, she leads the Australian, Karrie Webb, by \$110,000 (£73,000), but in Europe she trails the Swede Helen Alfredsson by just under £10,000.

"I have to say I'm really tired now, but what option is there?" Davies, who has won over £800,000 worldwide this year, said.

"The option is not trying to win both money lists. If I end up with nothing, I won't blame it on the fact that I'm tired. It's a balancing act. I had just got ahead of Alfi [Alfredsson], and then she got past me, and Webby is playing this week and next in America so my lead there could be gone.

"There is a fine line between trying to do too much and I could start playing terribly. It's fun trying to win them both. If I end up with nothing, it's been a hell of a crack trying."

Scores, Digest, Page 27;  
Broadhurst on a high  
in the Alps, Page 24.

## Atherton retained as captain for winter tours

**Cricket**  
**DEREK PRINGLE**

Michael Atherton was yesterday re-appointed as captain for England's winter tours to Zimbabwe and New Zealand. With alternative candidates presently *thinner on the ground* than good conkers, he was unanimously voted in by the selectors despite the England team's patchy form this summer, where the promise of an early series victory against India was overshadowed by the recent loss against Pakistan.

Now 28, Atherton has captained his country 35 times in

Tests, winning eight, losing 13, and drawing the remainder. A record that, while uninspiring, does lend some credibility to the claim that, under him, England have become a more difficult side to beat.

What is more, should he remain fit to captain all five of this winter's Test matches – two in Zimbabwe, three in New Zealand – he will move to tally in one Test of Peter May's tally of captaining his country 41

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times. A record that, barring calamity, Atherton ought to equal and then beat during the *Ashes* series next year.

It is an unusual longevity, considering the ephemeral nature of most sport and one that might not have happened had he resigned six months ago, *after the low ebb of another sapping and humiliating winter.*

However, a rest and a chat with David Lloyd, England's newly appointed coach, per-

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and on a newspaper with the Post Office

sued Atherton otherwise and he was again picked to captain England, a post he has now occupied uninterrupted since 1993, when he first grasped the nettle from Graham Gooch.

But although the experience has hardened him, three years is a long time to bear the burdens of a moderately successful side, and it was suggested at the start of the season, that Atherton, along with one or two other players, might have taken one or other part of the coming winter off.

Apart from the possibility of the overworked Dominic Cork missing a portion of the Zim-

case and in a recent interview Atherton was quoted as saying: "With only a limited amount of time at the top, I'd prefer to spend it playing Test matches than resting."

He will be the last captain appointed under the present chairman, Raymond Illingworth, who retires soon after the touring parties have been chosen. As outgoing chairman Illingworth said: "The selectors and myself are delighted that Mike has accepted the offer to captain England. We wish him and the rest of the team the best of luck."

**County reports, Scoreboard.**

# THE INDEPENDENT CROSSWORD

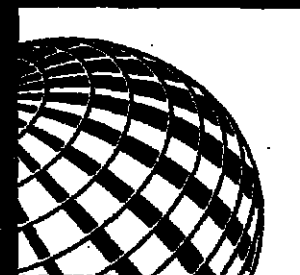
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